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INTERNATIONAL LABOUR ORGANISATION

ASIAN REGIONAL CONFERENCE

NUWARA ELIYA (CEYLON)

JANUARY 1950

AGRICULTURAL WAGES AND INCOMES OF PRIMARY PRODUCERS

*Points to be Considered in a Survey of Agricultural Wages and
Incomes of Primary Producers, with a View to Wage Regulation
and Introduction of Measures to Increase these Incomes*

Fourth Item on the Agenda

GENEVA

International Labour Office

1949

PRINTED BY "IMPRIMERIES POPULAIRES", GENEVA, SWITZERLAND

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INTRODUCTION

The Asian Regional Conference held in New Delhi in 1947 adopted a number of resolutions dealing specifically with outstanding agricultural problems in Asian countries, as well as certain others of an economic and social character concerning both industry and agriculture. The debates at the Conference clearly stressed the important place agriculture occupies in the economy of the Asian countries, and one of the resolutions rightly stated that "Notwithstanding the primary importance of promoting intensive industrial development, agriculture will for a long time to come remain the chief source of income for the majority of the population of the Asian countries".

The concern shown by the Conference with regard to agricultural questions is justified by the fact, as is stated in another resolution, that "The primary producers in the rural areas of Asia constitute more than half the working people of the world. Their social and economic problems are many and varied in character, and their working and living conditions are in certain areas deplorable and require early improvement." In view of this situation, the Conference requested the Governing Body to assist Governments of the Asian countries, in co-operation with other international organisations concerned, to prepare and develop comprehensive programmes of action for improving by stages the conditions of life and work of the rural populations, with particular reference to the problems of small owner-cultivators, tenant-cultivators and landless labourers.

In the field of economic and social action, the Conference specifically singled out the importance of a wage policy, and in a resolution on that question recommended that "With a view to achieving a living wage for every worker, every effort should be made to improve the wage standards in the industries and occupations where they are still low; and as far as possible to standardise in each country or area the wages in each industry or occupation where conditions are similar". It requested the Governing Body to instruct the Office, with the assistance of the Governments concerned, to study wage regulations and wage policy.

When, at its 105th Session, the Governing Body considered the question of the agenda of the Asian Regional Conference to be held in 1950, it took account of the desirability of including an item dealing with agriculture, of the above resolution concerning wage policy, and of the fact that questions of wage policy had been considered by the General Conference (San Francisco, 1948), and agreed on the advantage of wage questions being studied concurrently at an Asian Regional Conference, which might elucidate certain regional aspects of the problem.¹ Accordingly, it was decided, in principle, to include in the proposed agenda an item concerning "wage regulation in agriculture and the introduction of measures to increase the earnings of primary producers", reserving, however, the manner in which this item should be dealt with. Some members expressed the view that the Conference should give only a preliminary consideration to the item, and that an attempt should be made to find means of improving the wage levels of agricultural workers as well as the earnings of those engaged in agricultural production.

At its 109th Session, the Governing Body considered the way in which the item should be treated. The discussions brought out, on the one hand, the complexity and extent of the field to be covered, and on the other, the lack of accurate data, statistical and otherwise, on the various points to be considered in a report dealing with such a wide subject. The discussions, however, emphasised the desirability and the urgency of considering the problem at the Regional Conference, which might draw the attention of the Governments concerned to the necessity of taking the preliminary steps to collect the relevant information, and might also be of great assistance to them in their efforts to formulate wage policies.

Having regard to the need for an extensive preliminary survey of the field before any far-reaching proposals of a formal character could be put forward, the Governing Body decided that the report should at this stage review the "points to be considered in a survey of agricultural wages and incomes of primary producers, with a view to wage regulation and introduction of measures to increase their incomes". The present report has been prepared within that framework, and merely aims at providing a basis for discussion, while at the same time directing attention to certain essential elements of the problem; but it should be remarked from the outset that it

¹ The question of wages was considered again by the General Conference in 1949, and a Convention was adopted concerning the matter. Moreover, the question of minimum wage fixing machinery in agriculture is one of the items on the agenda of the 1950 Session of the Conference (Report VII (1)).

is general in character, and by no means constitutes an exhaustive treatment of the subject. This would require a comprehensive survey of the rural life of each of the countries concerned, as well as particular studies of certain aspects of the agricultural industry which have a bearing on wages and incomes of primary producers. Moreover, complete and up-to-date statistics would be necessary, and these are not available at present in most Asian countries. It is hoped, however, that the discussion at the Conference will provide additional specific material, and that it will encourage the Governments concerned to undertake a more systematic study of the problems which affect agricultural wages and incomes of primary producers.

The report includes seven chapters dealing respectively with the economic background, land tenure and its effects on labour, the labour market, levels of agricultural wages, payment of wages, wage regulation and means of raising the level of remuneration in agriculture, and an eighth chapter of conclusions.

As levels and forms of wage remuneration are determined by the form of social and economic organisation, it has been found necessary in Chapter I to devote some attention to these matters before dealing with wage levels and wage payments *per se*.

One of the outstanding features of Asian communities is the importance of the village in economic life. The village is a relatively isolated employment market, supplying its own varied labour requirements for the most part, but sending out a supply of surplus labour to other and developing regions as population increases. In view of family and communal ties, which tend to keep people from moving except in case of extreme necessity, the employment market tends to be depressed and, owing to the isolation of the villages, wage rates show marked regional variations.

A more important consequence of the nature of the village and of that self-sufficiency which involves only a rudimentary division of labour in the small-size holdings and comparative absence of trade is the low level of productivity to which this type of village life is related. Thus, the peasant cultivator is unable to produce a surplus over the current needs of his family; trade is restricted and capital accumulation practically impossible. It follows that wages also are low. So long as this is the case all efforts are naturally directed towards subsistence farming, the predominance of which causes the demand for hired labour to be weak and irregular.

With the growth of population, however, which continually raises the number of people seeking employment on the land,

and the deficiency in land and capital supply, the problem of subsistence itself tends to become more and more acute. Holdings are more and more subdivided, a process which is brought to a halt when the holding becomes too small to support life. The cultivator, in this case, either falls into debt or is forced to seek hired employment and thus to add to the number of those in search of such employment. In the process of raising funds to make ends meet he may lose the title to his land, emerging as a tenant or as a landless labourer. Chapter II discusses these trends and the resultant increase in the number of persons seeking employment as hired labourers.

The more specific problems of the employment market, as well as methods of recruitment of labour, are considered in Chapter III, which shows the importance of seasonal work and the irregular nature of the demand for labour arising out of the type of farming and the status of the cultivator.

The effect of the supply and demand for labour on the level of wages and the form and periodicity of wage payments are respectively dealt with in Chapters IV and V.

Chapters VI and VII are devoted to the examination of action designed to improve the position of the wage earner, and of the possibilities of wage regulation.

Finally, the various points bearing on agricultural wages and incomes of primary producers, which were discussed in the body of the report, are reviewed in Chapter VIII, which, it is hoped, may assist in the consideration of the subject as a whole.

It is obvious that in order to have a proper view of the problems of agricultural wages and incomes consideration had to be given in the present report to the structure of production and distribution as well as to certain economic and technical factors related thereto. These may sometimes fall within the more specific purview of other specialised agencies of the United Nations. Any action that may be recommended in the regional field, therefore, should envisage full co-operation with those agencies and, in particular, with the Food and Agriculture Organisation.

The Office having undertaken an extensive enquiry into the problems of work on plantations, including all aspects of remuneration and wages, no special reference has been made to plantations in this report.

Appended to the report is an appendix, containing the text of a proposed resolution.

CHAPTER I

THE ECONOMIC BACKGROUND

The question of "real" farm wages in Asian and Far Eastern countries is probably one of the most important and urgent subjects that need consideration by the bodies responsible for economic rehabilitation in these countries. In certain countries of Europe success in dealing with rural wage problems was due in a large degree to social, economic and scientific progress. Wage regulation in advanced countries has developed parallel with the development of commercial farming and of workers' organisations interested in raising living standards.

Wage regulation was carried out concurrently with progress in other fields, and in its turn contributed to economic advancement. The effects of wage regulation are in fact not confined to wage earners, but concern all those engaged in agricultural production, for wage regulation has become an integral part of the general economic policy of the State.

In the Asian and Far Eastern countries, the question of wage regulation should in principle be considered in the light of this experience and of the fact that the social and economic structure is in some respects markedly different from that of Western countries. A survey of the economic structure of the rural communities of Asia should therefore provide a background for the understanding of the present situation in respect of wages, and should serve as a guide for future action.

In Asia, perhaps more than in any other great region, many social, economic, racial and religious factors have entered, throughout a long period of history, into the formation of rural patterns of life and production. The consideration, therefore, of any agricultural problem calls for a careful consideration of all these factors. For this reason a brief summary of those salient features of the Asian economy which have a bearing on the subject of wages is given below.¹

¹ It is particularly important to bear in mind that throughout this report statistics from various sources have been used merely to indicate general trends, despite certain evident discrepancies arising out of methods used and difficulties of accurate compilation.

THE VILLAGE AND THE FAMILY

Asian peoples are predominantly nations of farmers, and almost from time immemorial they have lived in villages situated in the middle of agricultural fields. Their economic and social organisations take their colour from this fact, for some 80-90 per cent. of the populations live in these villages, and village communities are in fact the units that compose the oriental societies. "The farms and the farmsteads which are such prominent features of the rural life of Western countries are entirely absent. There is no obvious link between the home of the individual cultivator and the fields he tills. His home is the village, and the fields which make up his smallholding are scattered over the area of the land attached to it."¹

These villages are scattered all over the cultivated areas, but most of them are not connected by either proper roads or railways; many of the inhabitants of them live in isolation, although this isolation is being gradually broken down by the development of means of communication. Generally speaking, each village tends to be a self-contained economic unit of production. It is, in fact, a community of self-sufficient agriculturists.

This economic situation has a direct effect on farming, land use patterns and type of soil cultivation. By way of illustration, the following extract may be quoted from an author who has made an extensive study of the labour problems in South-East Asia: "The traditional Javanese village had no use for capital, for each family produced with a view to supplying its own very limited needs. Land ownership was such a community's indispensable basis, but only to the extent that it could be worked by the household, periodically assisted by village neighbours."²

This, however, is not a denial of the existence of trading in agricultural products between the village and the town; but internal and external trading are limited, and their contribution to the general economic prosperity is negligible. Agriculture in these countries is primarily a peasant industry mainly carried on by millions of farmers and their families. The family, in other words,

¹ U.K.: *Report of the Royal Commission on Agriculture in India*, Cmd. 3132 (London, H.M.S.O., 1928), p. 5.

As most material used in this report in connection with India and Pakistan refers to the period prior to August 1947, data given in respect of India may often refer to the two countries unless otherwise indicated.

² Virginia THOMPSON: *Labour Problems in South-East Asia* (New Haven, 1947), p. 131.

is the labour "unit", implying in principle small-scale cultivation. Production does not aim primarily at profit-making, but at satisfying personal needs, which are partly determined by social standing and partly by the number of persons in the family. Little incentive therefore exists for increasing production beyond the limits of the family requirements, and thus any surplus production for sale in the majority of cases appears secondary in the production process. Further, there is no incentive for raising production beyond that which can be absorbed by local demand; and where everyone in the same neighbourhood is growing the same crops, the incentive is negligible. Even when there is surplus production over family requirements, the absence of means of disposing of that surplus provided by organised trade and good communications stands in the way of economic progress and the development of large-scale farming. Lack of marketing facilities and all that they connote, together with a simple standard of living, have therefore been partly responsible for the size of the farm and the persistence of subsistence cultivation, and, as a consequence, social division of labour and production for exchange, the outstanding features of the modern society, are practically absent from the village.

For the most part, the village people belong to families that have lived within the same village for many generations attached to the land they inherited. Their social and economic relationships are regulated, and their schooling in methods and techniques of production guided, by tradition. As a result, the principle of agricultural production for subsistence has caused exchange to be regarded as a means of satisfying needs, has removed competition, and has weakened the spirit of enterprise and the incentive to capital accumulation.

In fact, the economic life of the village is static in so far as living standards and capital accumulation go. The family is the variable element to which the volume of agricultural production attempts to respond. But at the prevailing levels of farming techniques, the high birth rates have continually maintained the population pressure on the land. The availability of land thus becomes the limiting factor beyond which even production for subsistence cannot proceed, causing continuous underemployment or disguised unemployment. Thus, the village working population tends to seek employment elsewhere in order either to avoid unemployment or to supplement its income. The flow of manpower runs either into seasonal agricultural employment or into industrial employment, the village providing in all cases a cheap

and plentiful source of labour. This flow of manpower from the village to other agricultural areas or to industrial centres is affected by the seasonal nature of agriculture and by the tempo of industrial expansion and the business cycle. There is therefore a constant reserve of manpower in the villages, a poorly paid rural proletariat, that is a drag on the whole community.

SUPPLY OF LAND AND LABOUR

The Land Area

Population density figures reflect a picture of a vast aggregate of human beings engaged in agricultural pursuits at an extremely low level of farming technique. Before the Second World War, estimates of the average number of persons per square mile in certain Asian countries were as follows : Korea, 296; India, 246; Ceylon, 209¹; China, 106.8; Thailand, 72.3. On the other hand, the uneven distribution of population in some parts of Asia make general density figures of little value in estimating the real density in certain agricultural areas.

In China, only about 27 per cent. of all the land is utilised for crops, the density of the farming population per unit of crop area is estimated at 1,500 persons per square mile and the area per head of the farming population at 0.62 acre. As much as 68 per cent. of the total population is concentrated in 16 provinces. The average density is 141 persons per square kilometre, while in the province of Kiangsu, which lies in the thickly populated coastal fringe, the density is 335 persons. In India, the density ranges from under 100 persons per square mile in parts of Baluchistan to over 800 persons in Bengal, and the population figures show that three fifths of the total population of the country is crowded into one fifth of the total area, and that, while at one extreme 57 per cent. of the area supports only 17.5 per cent. of the population, with a density of below 150 persons per square mile, at the other end 30 per cent. of the people are crowded into 6.4 per cent. of the area, with a density of 600 or more. "Assuming that the desirable limit of average density for an agricultural country like India is 250, it would be seen ... that at least 59 per cent. of the population, by concentrating itself in 19 per cent. of the area, has exceeded this limit—about 30 per cent. of the people having outstrip-

¹ 262 in 1946.

ped the limit more than twofold.”¹ In Thailand only 9.6 per cent. of the land (12,300,000 acres) was utilised in 1930 by an agricultural population of more than six million. In Indonesia, in 1930 the average density was 315.6 persons per square kilometre in Java and Madura. In Indo-China 78 per cent. of the population is concentrated in 13 per cent. of the total area and density reaches the figure of 170 persons per square kilometre in certain districts.

Table I below is based on the estimated population and cultivated area in 1946 :

TABLE I. RATIO OF CULTIVATED LAND TO POPULATION IN DIFFERENT COUNTRIES

Country	Ratio (hectares per 100 persons)
Burma	42
Ceylon	23
China	24
India	28
Indo-China	24
Indonesia	14
Japan	8
Pakistan	23
Philippines	21
Thailand	28

Source : E.C.A.F.E. : *Economic Survey of Asia and the Far East, 1947* (Shanghai, 1948), p. 50.

It appears that Burma has the highest ratio, 42 hectares per 100 persons.

Difference in the ratio of cultivated land to population may be correlated with the differences in population density on the one hand, and, on the other, with the type of land uses. The ratio for Japan is the lowest and this may well be explained by the fact that her population density is the highest. Next to Japan are Java and Madura where the ratio is only 14 hectares per 100 inhabitants... That the ratio for Burma is highest may also be explained by population density which is only 28 per sq. km. It may also be pointed out that in the country where the ratio is lower, land usually is more intensely cultivated.²

Comparatively speaking, the area available for cultivation in Asian countries is small in relation to the population it supports.

¹ Manilal B. NANAVATI and J. J. ANJARIA : *The Indian Rural Problem* (Bombay, 1947), pp. 28-29.

² *Economic Survey of Asia and the Far East, 1947, op. cit.*, p. 51.

Its carrying capacity is low in comparison with the number of people subsisting on it.

The variations in the growth as well as in the density of population from one area to another in the same country are due to a number of factors, among which may be mentioned the amount of rainfall, irrigation systems and facilities, land topography and the development of resources.

In the absence of land and water development schemes in these countries, population has a tendency to be concentrated in a few areas where there are natural factors favourable to agricultural production. The slow opening of new areas in the face of population growth creates a strong tendency to parcelisation and fragmentation of the agricultural units, thus making the small or minute-sized farm which is such a significant characteristic of farming in Asia, though big landed estates growing industrial and plantation crops do exist in some areas. The tendency to parcelisation works through lack of security, poverty, debt and systems of inheritance.

In China, the average area of cultivated land per farmer for the whole country in 1944 was 4.37 shih-mows.¹ It has been estimated that in India the average size of a holding is 5 acres. In Thailand, there is excessive subdivision of land, and many of the plots are as small as one tenth of an acre, and a man's fields are often widely separated. In Ceylon, holdings are very small, especially for rice cultivation, and range from about one eighth of an acre in Jaffua to 5 to 10 acres in certain areas of the eastern provinces. In Indo-China, an enquiry made in Tonkin in the early 'thirties showed that the average size of the rice fields of 62 per cent. of the farming families was under 0.36 hectare, and of 30 per cent. less than 0.18 hectare. The small size of farm holdings in the Philippines was clearly shown in the census of 1918; 37.9 per cent. of the total number of agricultural undertakings were less than 0.35 hectare; 23.3 per cent. were from 0.35 to 1 hectare; and 16.8 per cent. from 1 to 2 hectares; 14.4 per cent. from 2 to 5 hectares and only 7.6 per cent. were 100 hectares and over.

The average size of holdings in various countries of the Far East is shown in table II below :

¹ 1 shih-mow = 0.0247 acre.

TABLE II. AVERAGE SIZE OF FARM HOLDINGS IN DIFFERENT COUNTRIES

Country	Average holding
	Acres
Japan	2.67 (1937)
China	3.31 (1929-1933)
India	5.00 (pre-war)
Thailand	4.00 (pre-war)
Java	2.2 (pre-war) ¹
/	

Source : Horace BELSHAW : *Agricultural Reconstruction in the Far East* (New York, Institute of Pacific Relations, 1947), pp. 23-24.

¹ Native holdings.

It seems that the forces causing the reduction of the size of the holdings are working everywhere in Asia. It could be generally said that there is very little difference in size between the farms operated by owners, tenants or share-croppers. Moreover, not only are the holdings too small for economic operation, they are even too small for subsistence. The core of the economic problem is the continual subdivision of the holding. When the size of the farm becomes smaller with the growing pressure of population on the land, production costs tend to rise and yield per unit declines. "The smaller the size of the holding, the lesser the income and the greater the instability of the economic conditions of the owners. Cost tends to rise because uneconomic holdings do not afford adequate scope for an effective and efficient utilisation of the capital equipment." ¹ It is to be noted that the small size of the holding is in fact the basic factor limiting the income that can be earned from agriculture. This in its turn makes the rural population dependent upon supplementary sources of income for part of its livelihood and causes it to incur debts in order to pay for its basic needs. There is also the evil of joint ownership, whereby the same piece of land is cultivated in rotation by all the joint owners.

It appears from these observations that the major problem in Asian countries is the limited land area utilised for cultivation, together with a rapidly increasing population, resulting in land hunger everywhere. The problem is accentuated by the lack of capital and ignorance of modern methods and techniques of production. These factors restrict the peasants to the production of grain and a very limited number of crops. The consequence of

¹ R. D. TIWARI : *Indian Agriculture* (Bombay, 1943), p. 65.

this situation is chronic unemployment, underemployment and very low productivity, income, and standard of living in the rural areas.

Utilisation of the Land

The actual modes of land use depend ultimately upon human wants, be they those of the land user himself or of a distant market. Other decisive variants are dietary habits and taboos, the cultural level and the technical ability of the inhabitants of the land, the population density, and such economic factors as availability of capital, cost of transportation, tariff policies, standard of living, and the cost and supply of labour.¹

In Asian countries food crops dominate agricultural production, though food production is far from sufficient to meet the minimum nutritional requirements of the population. This type of production also sets the pattern of demand for hired labour.

Table III below gives the percentage distribution of the basic types of land use in some Asian and Far Eastern countries in the pre-war years.

TABLE III. UTILISATION OF THE LAND IN DIFFERENT COUNTRIES
(in percentages)

	China 1929-1933	India 1930	Indonesia 1938	Japan 1936	Philippines 1938-1939
Cultivated land . . .	27.0	47.3	63.5 ¹	17.5	21.9
Pastures	4.6	—	—	8.7	17.8
Forests	8.7	13.1	23.0	54.5	58.2
Other land	59.7	40.6	13.5	19.3	2.1

Source : *Economic Survey of Asia and the Far East, 1947*, p. 51.

¹ Includes both native and estate agriculture.

The total cultivated area in Burma (1940) was estimated at over 21 million acres, approximately 66 per cent. of which was under rice.² The proportion of land occupied by crop production in other parts of Asia reflects the same situation.

Among the different types of land use, crop cultivation claims the highest percentage in India and in Java and Madura, being 46.3 per cent. and 63.5 per cent. respectively. The percentages

¹ Karl J. PELZER : *Economic Survey of the Pacific Area, Part I—Population and Land Utilization* (New York, Institute of Pacific Relations, 1941), p. 79.

² In lower Burma, as opposed to the hills of the north, agriculture is normally conducted on a commercial and not on a subsistence basis.

for other countries vary between 18 per cent. and 27 per cent. The percentage of food crops is the highest in Burma, China, Korea, Indo-China and Thailand, amounting to 95 per cent. or more of total cultivation after which come India, Japan, Indonesia, Pakistan and Manchuria, with 81 per cent. to 92 per cent., and the Philippines, with 63 per cent. The land devoted to food crops is only 30 per cent. in Ceylon and 21 per cent. in Malaya.

The percentage in acreage of commercial and industrial crops is the highest for Malaya and Ceylon, being 78 per cent. and 70 per cent. respectively.

/ It is to be noted, however, that a large part of the food crops in some Asian countries is exported; this is especially the case in Burma, Indo-China and Thailand, where rice is the most important item of export.

Among the food crops, rice is the most important in all these countries except China, where rice and wheat are the major crops. The overwhelming predominance of rice acreage applies specially to Thailand, Indo-China and Burma—the three greatest rice-exporting countries in the world. Wheat is the crop next in importance after rice in Pakistan. In Japan one third of farm households depend mainly on rice.¹ For Indonesia and the Philippines maize is the next major food crop after rice.²

The relative importance of the various agricultural products in the Eastern region (comprising China, India, Thailand, Burma and Indo-China) is indicated as follows. According to Professor Buck's estimate, in China (excluding Manchuria) cereals which consist mainly of wheat and rice and partly of barley, millet, kaoliang and maize occupy nearly 70 per cent. of the crop area; leguminous plants and oilseeds account for a further 15 per cent., fibre for 3.6 per cent., tubers and roots for 3.3 per cent., vegetables for 1.1 per cent., tree crops for 1.1 per cent., fruits for 0.9 per cent., and all other crops for 4.4 per cent. Of the total crop area in Korea, rice constitutes 26.8 per cent., barley 17.9 per cent., millet 15.1 per cent., wheat 5.6 per cent. and soya beans and other beans 18 per cent. Food crops in India cover about 81 per cent. of the total area under cultivation, and non-food crops about 19 per cent. The figures for acreage of the leading food crops in 1938—1939 are as follows (in million acres): rice, 73.3; wheat, 35.3; jowar, 33.8; pulses, 17.2; bajra, 17.2;

¹ Labor Division, Economic and Scientific Section, G.H.Q., Supreme Commander for Allied Powers.

² See *Economic Survey of Asia and the Far East, 1947, op. cit.*, Chapter IV.

fruit, 3.4; sugar cane, 3.1. India is also one of the world's largest tea producers, with a producing area of 832,600 acres. Among the non-food crops, the most important are cotton and jute. In the same year cotton occupied an area of 23.4 million acres and jute 3.1 million acres. Agriculture in Thailand, Burma and Indo-China is almost entirely devoted to rice production; in Thailand and Indo-China rice represents 94 per cent. and 84 per cent. respectively of the total crop area. Rice also holds the most prominent place among the crops in the Philippines, although agricultural production there is more tropical in character. In Ceylon, it is estimated that at least 31 per cent. of the cultivated area is devoted to rice. Indonesia, a large exporter of tropical products, has a greater proportion of acreage under food crops for local consumption than Ceylon. In Java and Madura, about 59 per cent. of the gross area is cultivated by smallholders, primarily for food crops for local consumption.¹

These figures show that a large proportion of the available cultivated land is utilised for the production of food crops. The number of food crops, moreover, is very limited, and in the majority of cases mono-culture is predominant. These practices have limited the use of land, and in view of the lack of fertilisers much of the land has to be left fallow for one or more seasons. Because of this, much arable land has become marginal, thus setting limits to the employment of agricultural labour.

Influence of Different Crops on Use of Labour

Rice cultivation requires more human labour than other crops, as it is usually cultivated twice a year. Wheat, barley and corn are generally cultivated in a more extensive way and their labour requirements are therefore more limited. When produced on small farms they provide intermittent employment for the family, with some seasonal help from hired labour. When the one-crop system is followed, the cultivator may be fully occupied for only two to three months, and the need for hired labour, if any, will be limited to two or three weeks.

In the cultivation of one rice crop, the cultivator will be occupied for about six months, and regular work for hired labour is only available for four to five weeks. In rice cultivation the engage-

¹ See PREPARATORY ASIAN REGIONAL CONFERENCE OF THE INTERNATIONAL LABOUR ORGANISATION, New Delhi, 1947, Report IV: *The Economic Background of Social Policy*, Chapter II.

ment of permanent, seasonal and casual hired labour depends upon the nature of the different agricultural operations, which include the construction of bunds, the ploughing of land, the sowing, the transplantation and the harvesting. It is the usual practice in the rice-growing countries not to employ hired labour for all these operations, but only for one or two of them. Even the skilled labourers who usually enjoy regular employment in ploughing and threshing are often employed by different owners.

The amount of work required per unit of land for a certain crop provides an index as to the possibilities of employment of hired labour. According to the Chinese survey of Professor Buck, man labour on grain crops is greatest for rice, amounting to 117 man-work units per hectare for ordinary rice and 122 for glutinous rice; the amount of labour on other grains and on crops grown for their seed products does not differ greatly from that on wheat, which requires an average of 60 man-work units per hectare, or the equivalent of 24 ten-hour days per acre. There are, of course, considerable variations between localities in the number of man-work units required per hectare, because of the different farm practices, and because of the differences in soils, topography, climatic conditions, availability of animal labour, etc.¹

In Madras (India), where one third of the area is cultivated with paddy, this provides work for about ten weeks in the year if there is a single crop, and for about sixteen weeks if there is a double crop, while dry land cultivation for millet, oilseeds, etc., provides work for only three or four weeks in the year. It has been estimated that in the Punjab agriculture provides work for about 200 days per annum. An enquiry conducted by the Government of the United Provinces into rural wages in 1944 showed the employment periods in days according to certain kinds of agricultural operations. Table IV illustrates this.

The maximum employment in agriculture worked out at 258 to 280 days per annum in the canal irrigated and wheat tracts in the north-west and central regions. In the unirrigated non-wheat tracts, employment was available only for about 114 to 118 days, or roughly four months in the year.² This employment situation had previously been emphasised by the Royal Commission on Indian Agriculture, 1928, in the following terms : "A prominent feature of Indian agriculture is the amount of spare time which it leaves to the cultivator... by far the greater part of the cultivators

¹ See John L. BUCK : *Chinese Farm Economy* (Chicago, 1930), Chapter VIII.

² *Indian Labour Gazette*, Dec. 1947.

TABLE IV. INDIA—UNITED PROVINCES : PERIODS OF EMPLOYMENT
IN DIFFERENT AGRICULTURAL OPERATIONS

Region	Type of holding	Ploughing and sowing	Irrigation	Transplanting	Weeding	Hoing	Reaping and threshing	Total per annum
North-West	A. Ten-acre, canal irrigated holding . . .	109	47	1	34	15	73	279
	B. Ten-acre, unirrigated wheat tract	136	—	—	23	12	92	263
	C. Ten-acre, unirrigated non-wheat tract . .	47	—	—	6	1	64	118
Central	Ten- or five-acre, irrigated or unirrigated :							
	A. Wheat tract . .	114	38	13	16	6	68	255
	B. Non-wheat tract .	79	11	3	12	1	56	162
Eastern	Five-acre :							
	A. Irrigated by well	81	36	9	2	8	37	173
	B. Unirrigated . . .	54	—	1	12	3	44	114

have at least from two to four months of absolute leisure in the year."

A similar situation exists in China. Professor Buck makes the following statement in connection with the amount of man labour :

Man-work units vary from 112 on farms in the smallest size group to 519 on farms in the large size group. The median shows an average per farm of 190 man-work units, and this is performed by an average of two man-equivalents per farm . . . When one considers that out of the total number of days in the year only this small amount of productive work is done, it becomes apparent that there are the equivalent of several idle months each year for each farm operator and each family farm labourer. While there is some other work to be done, of course, and equally, of course, some rainy days and some holidays to be allowed for, it is nevertheless evident that these could scarcely account for only about one fourth of the year being utilised directly upon productive enterprises.¹

In Japan, underemployment takes the form of early retirement from active participation in household farming activities. There

¹ J. L. BUCK, *op. cit.*, p. 231.

is therefore underemployment despite the importance of home industry in rural areas.¹

In Asia it may be concluded that the actual cultivating operations do not occupy the cultivator all the year round; secondly, that whenever he is in need of extra-family assistance he resorts either to village mutual help or to some hired labour. The majority of agriculturalists are at such low income levels that the amount of income that they can devote to hiring labour is extremely small. In other words, the extent of hired labour employed by a farmer varies largely according to the size of his holding, the size of his family, the type of cultivation and, in some parts of Asia, his caste. In the prevailing economic circumstances in Asia, farm servants engaged for the year or the season or for an indefinite period are far outnumbered by the casual labourers who are employed on a particular kind of work and paid by the day. This work is largely undirected, except by the traditional knowledge of the people themselves, and this type of migration, which in the majority of cases involves the whole family, creates great hardship and involves many social risks for all concerned. Moreover, much time and energy is lost owing to lack of transport or the inability of the workers to pay their own expenses. Last but not least, this situation involves long periods of unemployment for farm labour, representing great hardship and a very low standard of living. It has been aptly said that unemployment in agriculture is an endemic *malaise*.

The predominance of the casual nature of farm employment in Asia has very far-reaching social and economic implications. Casual employment in Asian agriculture not only indicates a low level of income in the case of a very large number of families, but also means a shifting or floating mass movement from one part of the country to another.

* * *

To sum up, it may be said that the mass of the Asian population depends upon agriculture for its livelihood; consequently, the land element is a basic factor in the economies of these countries. The cultivable land area is very limited, in the face of a rapid population growth, with the result that population density on cultivated land is extremely high. This points to the existence per unit of culti-

¹ Labor Division, Economic and Scientific Section, G.H.Q., Supreme Commander for the Allied Powers.

vated land of people in excess of the land's carrying capacity, to a low productivity of labour and a low standard of living for all those engaged in agricultural production. Farm production at the existing low level of culture and technology is therefore primarily directed towards a land use pattern which will produce the maximum amount of food value per unit of land. Production of food crops to meet the family requirements for consumption, therefore, becomes the object of agricultural production, with little or no surplus over the current needs of the family.

Production for subsistence on the smallholding implies that the family is the "unit" of labour and that the demand for hired labour is either non-existent or extremely restricted both in numbers and in periods of employment. The rapid growth of population means that the number of those seeking employment is continually rising, with the result that unemployment and under-employment are the chronic problems of agriculture. With a lack of new cultivable land and capital, the problems of subsistence agriculture become more complicated. There is a tendency to subdivide the holdings to meet the growing demand for land, and also towards a relative contraction in employment opportunities, implying a rapid creation of a landless class. The scarcity of land area creates a land hunger, which is aggravated by the legal relationship established among cultivators, determining their varying rights in the use of land. Land tenure, which defines the rights of land use, has an influence in determining levels of productivity as well as patterns of employment of hired labour. This aspect is discussed in the following chapter.

CHAPTER II

LAND TENURE AND ITS EFFECTS ON LABOUR

LAND TENURE AND LANDLESS LABOUR

¹ The ownership of land and the nature of rights and obligations as between members of the rural community arising as a consequence of the utilisation of land are in all countries the product of a long evolution determined by the geographical, economic, social and political conditions and circumstances of the community in question.¹

Although the state of poverty and low productivity which are the main features of the Asian economy are mainly ascribed to the pressure of population on the land, the question of land tenure should also be considered.

Like inadequate capital, effete methods and unutilised labour, it is a secondary rather than a primary cause of poverty and poor use of resources; but it is still of first-rate importance for all that. It influences incentives, ability to farm with competence in a variety of ways, stability and the distribution of the proceeds. It is closely connected with the problem of indebtedness and so with ability to practise exploitation of man by man and with strife within the community.²

Besides being a factor in income distribution and security, the land tenure system gives shape to various patterns of employment in agriculture and determines the ways in which available manpower is to be utilised on the land and elsewhere.

A rapid survey of Asian land tenure development will show its relation to employment of labour.

In 35 provinces of China, according to 1946 statistics³, there were 63,221,000 farm households covering an area of 1,410,731 shih-mow of farm land. On this basis, the average household farm is 22.16 shih-mow (and the individual farm 4.36 shih-mow). Generally speaking, there are three categories of farmers in China, namely, those who farm their own land, those who farm their own together with other people's land, and tenants. The first category

¹ M. B. NANAVATI and J. J. ANJARIA, *op. cit.*, p. 120.

² H. BELSHAW, *op. cit.*, p. 33.

³ Office of Statistics of the Ministry of Agriculture and Forestry.

constitutes approximately 40 per cent., the second 25 per cent. and the third 35 per cent. Agriculture in China is a peasant industry, and is the business of more than 70 million farmers and their families, and is carried on on a small scale. This does not exclude the co-existence of a régime of great landed estates. But these have a tendency to split in a few generations and consequently it is the small-size farm which predominates.

The proportion of labourers hired, whether on the annual or the daily basis, in relation to the agricultural population is quite low. Nevertheless, it runs into tens of millions. Over ten million are permanent wage earners, and there are more millions who hire out their labour by the day. These latter are either landless workers who cannot find permanent employment and therefore follow seasonal work, or small tenants, or share-croppers who seek employment to supplement their income.

In India, the land tenure system shows wide variations, although it creates rather similar employment problems. The outstanding types of tenure, the Zamindari, the Mahalwari and the Ryotwari have resulted in a hierarchy in land ownership. At the top are the landlords who draw rent and do not engage in cultivation. Next come those who cultivate a part of the land and employ hired workers for assistance. Thirdly, there are farmers who possess a moderate amount of land as owners or on lease and who constitute the middle peasantry. In the lower grade of the economy are the small peasantry. They are small tillers of the land who either own property or lease a small plot, but they hardly produce enough for consumption and they hire themselves out at peak seasons. Lower in the agricultural scale come the small tenants, who have to add to their incomes by working for wages in the villages or by sending members of their families to work on farms at certain seasons.

The bulk of the hired labour in India is casual, and only a proportion of it is employed on an annual basis. The annual labourers are often under a monetary obligation to their employers and they work until their debts are paid off. A survey of the destitute persons caused by the Bengal famine, made in Calcutta, showed that more than 50 per cent. belonged to this class of labour.

Increasing Importance of Hired Labour

It is estimated that in India both the number of hired workers engaged in agriculture and the proportion of the total population

thus engaged as hired agricultural workers are increasing; this proportion is now more than one third of the total working population, and according to one estimate the number of hired workers in agriculture reaches 70 million.¹ There are no accurate statistical data to show the general trend of the agricultural working population, but it is generally agreed that small agriculturists on the margin are being slowly dispossessed of their land and forced to work in the fields for hire. According to the census of 1931, the proportion of the population which has agricultural labour as its principal occupation to the principal cultivating owners and tenant-cultivators was 407 per 1,000, and that proportion is now higher.²

Table V below shows the increase between 1911 and 1931 :

TABLE V

Category	1911 (millions)	1931	Percentage increase or decrease
Non-cultivating landlords . . .	3.7	4.1	+ 18.1
Cultivators (owners or tenants).	74.6	65.5	— 12.3
Agricultural labourers	21.7	33.3	+ 53.4

Source : V. B. SINGH : "The Problems of Agricultural Labour", *The Indian Journal of Agricultural Economics*, Vol. III, No. 2, Sept. 1948, p. 68.

The proportion of agricultural labourers to cultivators varies from one part of India to another. The figures for 1931 give indications of this variation; while the proportion is 29.8 per cent. in Bengal, it is 53.5 per cent. in Bombay and 41.3 per cent. in Madras, 11.1 per cent. in the Punjab and 20.8 per cent. in the United Provinces.³

Table VI below, giving somewhat different figures, may also serve to compare the figures for 1911 with those of 1931.

The 1931 census report further analyses the position of agricultural labour in relation to cultivators as follows : in 1921, the total number of agricultural workers was 21,676,107, and the number of ordinary cultivators was 74,664,886, the ratio between them being 291 to 1,000. In 1931, the number of persons whose principal occupation was agricultural labour was 24,925,357, and the number

¹ *Janata*, 6 Feb. 1949. See also Dr. R. K. Mukerjee's estimate below.

² Dr. R. K. Mukerjee places the number of agricultural labourers at between 60 and 70 million, of which about 30 million are landless labourers.

³ Census of India, 1931, Vol. I.

TABLE VI

Category	1911	1931
Cultivators	71,096,000	61,180,000
Agricultural labourers	25,879,000	31,480,000
Others (market gardeners, cattle raisers, foresters, etc.)	5,196,000	6,536,000
Total	102,171,000	99,196,000

Note : The total of 1931 does not represent a real decline of the total number engaged in agriculture as principal occupation. The apparent decrease is due to changes in classification which resulted in increasing the number of persons occupied in "Domestic service" and "Insufficiently described occupations", and also due to changes in classification of "Workers" and "Dependants" in the 1931 census. See B. G. GHATE : *Changes in Occupational Distribution of Population*, pp. 10-11 (Studies in Indian Economics issued by the Office of Economic Adviser to the Government of India).

of actual workers—cultivating owners plus tenant-cultivators—was 61,185,000, the ratio between them being 407 to 1,000. The proportion of agricultural labour to cultivators therefore increased from 291 to 407 per 1,000 between 1921 and 1931. Dealing with the reasons for this, the 1931 census report points out that "possibly the explanation is that a large increase has taken place in the agricultural population without a corresponding increase in actual holders of land, whether as tenants or owners, though it is likely that a concentration of land in the hands of non-cultivating owners is also taking place".¹ Studies and surveys in rural areas in recent years generally indicate that there has been an increase in the class of landless agricultural labourers. Tables VII and VIII give figures for Madras and Bengal respectively.

TABLE VII. MADRAS

Category	1901 (per 1,000 of persons engaged in cultivation)	1911	1921	1931
Non-working landlords	19	23	49	34
Non-working tenants	1	4	28	16
Working landlords	484	426	381	390
Working tenants	151	207	225	120
Proletariat	345	340	317	429

Sources : P. P. PILLAI : *Economic Conditions in India, 1925*, p. 114 (for figures from 1901 to 1921); Census Report for Madras, 1931, p. 198.

¹ Census of India, Vol. I, p. 288.

TABLE VIII. BENGAL

Category	1921 (in 1,000)	1931	Percentage increase or decrease
Non-cultivating landlords or rent receivers	390	634	+ 62
Cultivating owners and tenants	9,275	6,041	-- 35
Landless agricultural labourers	1,805	2,719	+ 50

Source : The Bengal Census Report, 1931.

The picture in China is rather different. According to Professor J. L. Buck's study ¹, one fifth of the farm work is performed by hired labour. In view of the fact that "the Chinese are a nation of small proprietors", hired labour does not seem to represent a very important sector of the labour force employed in farm production. This in fact follows from the average size of the farm, which has been given as about 2½ to 4 acres, each farm being cultivated almost entirely by family labour.² In 1936, before the Japanese aggression, the China Rural Economy Research Institute made a scientific survey of landholding distribution in China. The results are shown in table IX.

TABLE IX

Category	Percentage of farming population	Percentage of cultivated land
Landlords	4.0	50
Rich farmers	6.0	18
Middle class farmers	20.0	15
Poor farmers and tenants	70.0	17

This shows that 10 per cent. of the farming population held 68 per cent. of the cultivated land, while 90 per cent. of the farm population held only 32 per cent. of the land. More concentration of land ownership was evident after 1941. According to available statistics, the percentage of tenant farmers rose from 44 to 45.8. It was reported in 1945 that the tenant farmers con-

¹ *Chinese Farm Economy, op. cit.*

² See the Report of the United Kingdom Trade Mission to China, 1946.

stituted more than 80 per cent. of the farming population in Chungking and nearby districts.

This tenure system has a significant effect on the employment of hired labour. It shows an increase of the tenant farmers, decreasing the possibility of employing hired labour. It appears, according to Professor Buck, that only 4.3 per cent. of hired labour is hired on farms in the small-size group compared with 14.3 per cent. in the medium and 31.6 in the large-size group.¹ In later years, shortages in farm labour have been reported, but this is mainly due to the general mobilisation. In general it would seem that the landless labour supply has increased. It may be that hired labour is on the increase, but it is not possible to state the rate of increase.

In Japan, the proportion of workers in agriculture has increased since the war. In 1940, farming accounted for 41.10 per cent. of total employment. By 1947 this proportion had increased to 50 per cent. This substantial change is attributable in some part to reconversion from a wartime economy, but loss of export markets is an additional factor.

Despite the increase in farm population, and also an increase in the number of households from 5,498,826 in 1941 to 5,919,227 in 1947, the arable area actually declined from 13,400,000 to 12,280,000 acres, reducing the average arable area per farm household from 2.62 to 2.08 acres. The increase in farm households was accompanied by an increase in the employment of hired labour. Hired labour represented 2.41 per cent. of the total farm employment in 1940, a proportion which was increased to 3.08 per cent. in 1947. This increase was accompanied by an increase in the number of farmers engaged part time in industry, for between 1937 and 1946 the number so engaged more than doubled.²

Again, in Burma, the situation of hired labour is different, because rice cultivation in that country is largely conducted on commercial lines. In 1937, 4,183,000 of Burma's population were engaged in agricultural and connected occupations, and of these 1,200,000 were cultivating owners; the remaining 70 per cent. were tenant-cultivators and agricultural wage earners.³ There has since been a steady increase in the number of workers.⁴

¹ *Chinese Farm Economy, op. cit.*, pp. 236-238.

² Labor Division, Economic and Scientific Section, G.H.Q., Supreme Commander for the Allied Powers.

³ Census of India of 1931.

⁴ Burma Census Report, 1931, Part I, pp. 128-129. However, the number of agricultural wage earners and working dependants per 1,000 workers of *all* occupations was 665 in 1931 as against 688 in 1921.

According to the census report of 1931, the number of agricultural labourers, with the exception of plantation workers, rose from 1,027,000 in 1921 to 1,488,000 in 1931.

J. Russel Andrus gives the following table, and states that the percentage of agricultural labourers continued to increase up to 1936.¹

TABLE X. BURMA

Category	1921	1931
	(percentage)	
Cultivating owner	50.6	36.9
Tenant-cultivator	22.3	23.0
Agricultural labourer	27.1	40.1

In Thailand, again a country falling in the rice cultivation region, there are three regions of almost self-sufficing agriculture and one commercialised agricultural district situated in Central Thailand. In this region, the farmers are concentrating on growing rice for export, and hired labour has therefore become indispensable for production. In view of the limited land area and the increasing difficulties of the peasant farmer, large interests have been able to expand their holdings, thus pushing out owners, who become tenant farmers or agricultural labourers. Landless labourers are on the increase, but in the absence of statistics it is not possible to give exact figures. However, the census of 1937-1938 put the number of wage earners in agriculture at 359,000.

In the Philippines, according to the figures of the Bureau of Census and Statistics, the total number of gainfully occupied workers (ten years old and over) in 1939 was 8,466,493, of which 3,456,370, or 40.8 per cent., were engaged in agriculture. The

TABLE XI. PHILIPPINES

Category	Number	Percentage
Landowners	1,059,423	30.50
Tenants	373,216	16.52
Farm labourers	1,840,003	52.98

¹ J. Russel ANDRUS: *Burmese Economic Life* (Stanford, California, 1947), p. 40.

rural population of the Philippines is divided into three groups, as appears in table XI above, of which 52.98 per cent. are classed as farm labourers.

The employment of hired labour prevails under the *hacienda* system in the sugar plantations.

An important land tenure system in the Philippines is known as the *Kasama*, which is a share-cropping system where the share-cropper is considered one of the poorest types.¹

Similar trends to those noted in the preceding paragraphs seem to exist in other parts of Asia, and the land tenure trends reflect a continuous increase in the number of tenants and landless peasants.

Problems of the Tenants

The case of the tenant and the small peasant in Asia is serious. It is a well-known fact that independent small peasants earn no more and sometimes even less than the permanent agricultural wage labourer. In Burma, for example, the smallholder is probably able to obtain by way of remuneration only a little more than the hired worker. On poor soils, he is often able to earn only just enough for the bare maintenance of himself and his family, and his position is little better than that of the average wage earner.

In India, the various official and non-official family budget enquiries conducted in the United Provinces and the Punjab, Bombay and Madras, have revealed that, if the rent to be paid, the labour cost of the members of the family of the cultivator, and the interest on borrowed capital and such investment as the cultivator possesses in the shape of land owned by himself, are taken into account, there is generally no net income on farms below 12 acres or so in size. The economic position of the smallholder is in no way better than that of the agricultural labourer.

This situation affects the labour market in two ways. It increases the supply of hired labour, as peasants are obliged to seek supplementary employment, and it depresses the wages of the landless workers. On the other hand, it keeps the demand for wage earners at a low level. In fact, the intensity with which food crops are cultivated on permanent fields has risen so high

¹ See Kenneth K. KURIHARA: *Labor in the Philippine Economy* (Stanford, California, 1945). The author cites estimates in which the agriculturally employed population constitutes 65 per cent. of the total gainfully employed population (over ten years of age).

in some parts of Asia, and thereby the productivity of the labour spent on it has fallen so low, that permanent wage labour can no longer be afforded.

The movement down the agricultural ladder is noticed in the increase in tenancy. Landless labourers are continually on the increase.¹ Rural indebtedness is important in this connection. A few examples based on estimates will suffice to indicate the extent of tenancy.

In India, 64 per cent. of the land is estimated to be farmed by tenants. In the coastal villages of China, 80 per cent. of the land in the village is owned by absentee landlords.² In Manchuria, in 1937, 15 per cent. of the farmers and large owners owned 50 per cent. of the land, and 30 per cent. of the farmers were tenants. The greater part of the rice fields in Central and Western Cochin China is farmed by tenants. In Japan, in 1939, 31 per cent. of the farmers were independent owners, 42 per cent. part owners and 27 per cent. tenants owning no land at all. In the Philippines, in 1939, only 49.2 per cent. of the farmers owned the land they worked, and an additional 15.6 per cent. owned part of the land, while 35.1 per cent. were mainly share-tenants. In the same year, 59 per cent. of all the land in Burma was leased.³

It appears from this discussion that the employment problem imposed by the land tenure systems is a complicated one with considerable variations from one country to another and from one part to another in the same country.

The family farm has in the past been the basic unit of agricultural production, so that the amount of extra labour employed was substantially smaller than the amount of family labour; nor did it form a separate and distinct class. However, the increase in share-cropping and tenancy is changing this position.

¹ In the first phase of the process of dispossession of lands, the small agriculturalists were only deprived of ownership rights, and the money-lenders allowed them to till the fields as tenant farmers. But the downward journey did not end here. Either on account of inability to pay rent regularly, failure to enjoy the continued favour of the landlord or to cultivate the lands to his satisfaction, or for other reasons, the tenant was finally ejected from the land which he called his own and had to join the ranks of the landless agricultural labourers. Thus tenancy cultivation in turn gave rise to a more serious problem of landless proletariat, making the structure of rural life precarious both economically and socially. See M. B. DESAI : *The Rural Economy of Gujarat* (Bombay, 1948).

² However, J. L. BUCK, in an extensive survey covering 2,866 farmers in 17 localities and 7 provinces in 1921-1925, found that owners were 63.2 per cent. of occupiers, part owners 17.1 per cent. and tenants only 19.7 per cent.

³ H. BELSHAW, *op. cit.*, p. 44.

Share-cropping implies engagement by contract under certain conditions involving *inter alia* the provision of seed, animal power, labour, etc., for cultivation by the farmers against a fixed or agreed upon share in the final produce. Though the obligations and level of remuneration of the share-cropper are in general more indeterminate than those of hired labour, his remuneration is no different as far as payment in kind is concerned and may be lower than that of the labourer. He is in practice no more than a labourer in the employment of a landowner. The same could be said of the tenant. In cases where the tenant has to borrow money to carry on cultivation he is little more than an employee of the money-lender. He, too, in the majority of cases, is forced to seek supplementary employment, mostly outside his village community.

In general, the land tenure and transfer systems and the absence of secure leases have contributed to the splitting-up of land property, so that the size of the holdings becomes extremely minute and in the majority of cases they fail to provide the family with sufficient produce for subsistence. The low productivity has forced families to seek supplementary employment or to incur debts in order to subsidise their consumption requirements.

The rapid growth of indebtedness in Asia resulting in the dispossession of many agriculturalists of land property has caused them to work as tenants or, where land is not available, either to become floating landless labour or to seek alternative employment. Farm income and the financial or credit facilities available in the rural areas are operating in such a way as to drive the rural population down the farming ladder, continually increasing the number of those seeking supplementary or alternative employment. In this way the problem of tenure merges into the problem of finance and debt.

FINANCE OF PRODUCTION AND EMPLOYMENT OF LABOUR

Indebtedness is a general feature of the Asian rural economy. Speaking of India, R. D. Tiwari states :

A very large section of agriculturalists are inextricably steeped in debt; they are born in debt, live in debt, die in debt, and bequeath debt. The debt has increased beyond their present paying capacity. Further, their ability to repay debts is limited by the inefficiency of agricultural tillage and technique, vagaries of rainfall, uneconomic holdings, deterioration in the quality of the cattle, epidemics, etc.¹

¹ R. D. TIWARI, *op. cit.*, p. 250.

In incurring debt the Asian farmer is driven to do so mainly in order to pay for his consumption requirements, and not like the Western farmer in order to obtain control of resources and to increase the productivity of his enterprise. Thus, most of the money borrowed is used for non-productive purposes. The figures of the Provincial Banking Enquiry Committee for 1929 show that unproductive debts represented about 70 per cent. of the total rural debt in the United Provinces, 60 per cent. in several districts in Madras, and over 75 per cent. in several parts of Bombay. It is clearly distress borrowing resulting from the inadequacy of agricultural income, the latter being due largely to low productivity and the small size of the farm. In fact, indebtedness is a function not of enterprise but of poverty. It was estimated in 1933 that more than half the farming population of China was burdened with debts incurred through consumption needs. "The only way in which the Korean farmer can cover the disparity between income and expenditure is by contracting debt; hence approximately 75 per cent. of all farmers are in debt."¹

In Japan, as in other countries, tenancy and debt are the mechanisms which have thrown an increasing number of landless labourers on to the employment market. Tenancy has feudal vestiges. The land-owning nobility was able to secure a fixed amount of rice as rent. In pre-war years the rent amounted to as much as two thirds of household expenses. Consequently, during poor harvests tenants were forced into debt and were reduced to semi-serfdom. Debt was mounting prior to the war, and was estimated at 1,000 yen per household in 1932, with rates of interest averaging not less than 10 per cent.²

Ladejinsky draws attention to the precarious margin between income and necessary expenditure as a cause of indebtedness in Thailand.

Since the income of the farmer is so low, he is unable to save a surplus that would provide a basis for the accumulation of capital. He has little or no cash savings to tide him over difficult years . . . since the peasant is unable to fall back on his own resources in times of stress credit is the only solution and the result is the heavy burden of indebtedness. . . . Borrowers do not understand the economic meaning of interest; far less do they understand compound interest so debts mount so that theoretically it is far above the selling value of their farms. Then they either become the tenants of their creditors paying them

¹ W. LADEJINSKY: "Chosen's Agriculture and its Problems", *Foreign Agriculture*, Feb. 1940.

² Cf. Labor Division Report.

half their crop as rent or migrate to some less populated district. There they can take up new land and go through the same cycle all over again.

Speaking in October 1948, the Burmese Minister of Agriculture stated that only 10 per cent. of the cultivators in Burma were free from debt. Earlier, the Banking Enquiry Committee had estimated the amount of agricultural debt in Burma at between 500 and 600 million rupees. In connection with Cochin China, Pierre Gourou makes the following statement :

The day labourer cannot get through the year without going into debt to a Chinese, to a neighbouring landlord, to a relative, to a friend. There is no instance of a tenant being able to get started on his rice season without borrowing from the landlord. . . . Properties are not built up by peasant frugality but by the acquisition of land which has been pledged as collateral for loans. Usury is the surest and most economical means of rounding out a domain.¹

The following description of the situation is typical :

Over two thirds of the funds available for agricultural production and consumers' credit are obtained locally from landlords, relatives, merchants and others. Because these funds are inadequate the interest rate is higher than the farmers can afford to pay; hence they cannot practise the many economies needed in efficient production. In these conditions some unfair practices are followed by the unscrupulous lenders.²

This general picture of agriculturalists in Asia reflects the extent to which agriculture as an industry is depressed. The situation reveals a conflict of interests in rural communities and an industry built on credit and usury. By this process the small landowner, the tenant and the share-cropper are being continually deprived of a large part of their produce, and the wage earner is defrauded of part of his wages. Pierre Gourou remarks that the desire to save and the desire to expand effort are systematically discouraged; the middle class is diverted from productive occupations, since usury is still the best means of increasing one's capital, a fact which limits the possibilities of employing capital and introducing new methods and techniques in agricultural production.

Besides being in debt and paying exorbitant rates of interest, the financial position of the agriculturalists is being made more difficult by concealed charges. In this case the farmer receives a smaller part of his crop and pays more for his supplies. The

¹ Pierre GOUROU : *Land Utilisation in French Indo-China*.

² *Report of the China-U.S. Agricultural Mission* (Washington, D.C. 1947), p. 29.

creditor may reap the benefit of good crops or good markets by forced sales of produce at times which are advantageous to him.

Hsaio Tung Fei states :

Goods pledged are taken at two thirds of their value. . . . As far as the poorer peasants are concerned permanent indebtedness is the rule rather than the exception. They pawn their crops in summer, their farm implements in winter, and their household belongings throughout the whole twelve months. . . . An exceptionally good harvest is regarded as a doubtful blessing since it is the occasion for the money-lender to call in his debts. The occurrence of forced sales is in such conditions inevitable. Next to drought, inability to meet the claims of the money-lender is stated in parts of the country (China) to be the principal of the causes of the ruin of the peasant family.¹

Indebtedness prevents capital accumulation or at best slows down its rate. Replacement and renovation of the farm capital equipment and changes in methods and techniques of production are neglected, and the maintenance of the present level of progress in farm techniques implies the persistence of the present low level of productivity and the prevalence of unemployment and under-employment.

Lack of capital, moreover, prevents the opening of new areas for cultivation and the relief of the population pressure on the land. In general, it keeps the whole rural population at a low standard of living. Unless other steps are taken, the increasing rate of population will further depress agriculture and the position of the wage earner, and will cause a rise in the number of the landless workers and in land rents.

¹ Quoted by H. Belshaw.

CHAPTER III

THE LABOUR MARKET

LABOUR DEMAND

The demand for hired labour varies greatly from country to country, owing to differences in types of crops, size of holdings and systems of land tenure.

The size of the farm plays an important role in shaping the patterns of employment in agriculture. The smaller the size of the farm, the more it depends on family labour and community mutual help, and the less it calls on hired labour. In other words, wherever there is a tendency towards self-sufficiency, the agricultural production unit depends more on labour provided by the members of the family, and dispenses in the majority of cases with the services of hired labour. This does not mean that production at a self-sufficiency level is completely dependent on labour provided by the members of the family, for, although they may do a large part of the farm work, there might be a certain proportion, especially at peak periods, that needs outside help.

The low level income of the great majority of cultivators, whether smallholders, tenants or share-croppers, normally restricts the employment of hired labour. In contrast to that, medium and large holdings have more resort to hired labour proper, and, at peak seasons, to the services of all other cultivators who seek employment.

Thus, in areas where production is organised on a commercial basis, regularly hired labour is a feature of the farm economy. This is mainly true on tea, coffee and rubber plantations, and in areas where food crops are produced for export, such as rice from Burma, Ceylon, Central Thailand and parts of Indo-China. In India and China labour is not employed continuously to any considerable extent, except on large farms. Since a substantial proportion of the cultivators in Asia cultivate only uneconomic holdings which yield less than even the minimum necessary for the subsistence of the cultivating family, the permanent employment of

labour on such farms is out of the question. On the contrary, some of these cultivators themselves seek seasonal or casual employment at certain periods in order to supplement their income. Thus, for example, the Koli and other agricultural labourers who sometimes cultivate small plots of land in their own villages migrate to the neighbouring villages during the period of agricultural activity. Labourers of these and other western villages sometimes travel many miles to villages on the east of the taluka, which is principally a cotton-growing tract, during the cotton-picking season.¹ This, in fact, is not only a representative example of the seasonal and casual employment of cultivators, but also of hired labour all over Asia and the Far East.

In contrast to this type of casual employment, there are certain special categories of workers who may be regarded as "permanent." They have no title to the land; they are farm servants whose services often continue for many years either by force of custom or because of long continued indebtedness to their employer², and who may be considered to represent a system of forced labour, or servitude employment.

It is hardly possible to establish the relative numerical importance of the categories composing the hired labour—namely, the permanent, annual, seasonal and casual; nor the duration of employment of the two latter categories.

In India, the number of agricultural labourers reached in 1931 the figure of 31,480,219, or 31 per cent. of the total number engaged in agricultural occupations and 20.5 per cent. of the total gainfully employed population.³ The proportions, however, varied with the size of the depressed classes in the locality.

Of the total of over 98.6 million persons dependent on agriculture, all except some 3.48 million are actual workers and may be described as primary producers. Cultivating owners and tenant-cultivators (without their dependants) together total 61 million. . . . The landless agricultural labourers alone with their dependants would be as numerous as the combined populations of France and Great Britain.⁴

The great majority of the landless labourers in India belong to the "scheduled castes", which are known as the "untouchables".

¹ J. B. SHUKLA : *Life and Labour in a Gujarat Taluka* (1937).

² The Padiyal system, which still exists in some parts of India, is representative. "Systems of Wage Payments in Agriculture", by Prof. K. C. RAMAKRISHNAN, in the *Journal of Agricultural Economics*, No. 1, Apr. 1948.

³ *Statistical Abstract for British India, 1943*, Cmd. 6441 (London, H.M.S.O., 1943), table 30.

⁴ See *International Labour Review*, Vol. L, No. 4, Oct. 1944, p. 451 : "The Agrarian Situation in India", by P. J. THOMAS.

This fact has parallels in other parts of Asia, indicating the way in which economic and social status are associated.

No comprehensive figures of the total number of agricultural wage earners, as distinct from cultivators and members of their families, are available for China. Although the typical figure in Chinese country life is not the hired labourer but the land-holding peasant, it has been estimated that about one fifth of the farm labour in China is hired labour.¹ In all, just over two fifths of the farm labour is performed by members of the farmer's family, just under two fifths by the farmers themselves, and just under one fifth by hired labour.²

As has already been stated, in most parts of Asia agriculture has as its main object subsistence, that is to say, it serves to maintain the family and is limited to the area required to grow enough food for that purpose. Under these conditions, the employment of hired labour in China is limited. In 1946, out of 63,221,000 farm households only 7,851,000 were hiring labour on a yearly basis.³ This hiring of labour by the year included only 10,568,000 persons. Moreover, most of the households hire labour by the day, in view of the type of work to be done on the farm. The number of households which hired labour by the day was 16,134,000 in 1946, and this amounted to 880,566,000 man-days' labour. According to this survey, an average of 21 among 100 households hired labour by the year (1946), and an average of 44 out of 100 by the day, the latter averaging 55 man-days per year, which represented 2,401 man-days per 100 households of all types. The results of Professor Buck's research show that on 2,866 farms in 17 localities in east, central and south China, the number of labourers hired by the year was 663, or one to every $4\frac{1}{3}$ farms. Labour hired yearly and by the day formed 19.5 per cent. of the total labour costs on the farms, but varied from 4.3 per cent. on the small farms to 14.3 per cent. on those of medium size and 31.6 per cent. on large farms.

In Japan, even more than in China, hired labour is of small importance. Regular employees averaged 0.02 per farming household in 1947. Temporary employment accounted for an average of 7.43 man-days per household for the same census year, 1947. More than half the employed labour was engaged in rice

¹ R. H. TAWNEY : *Land and Labour in China* (London, 1932), Chapter II.

² J. B. TAYLOR : *Farm and Factory in China* (1928).

³ A survey of 15 provinces made by the National Research Bureau of the Ministry of Agriculture and Forestry, 1946. See *Statistical Abstract of the Republic of China, 1947*.

production. Half the total number of farm households were of a subsistence type, in that they consumed more than 80 per cent. of their own production. Supplementary sources of income were sericulture and rural public works. So great was the surplus labour available on farms that only 55.4 per cent. of farm households were engaged full time on farming.¹

In Thailand, two rural surveys have been made which showed that about 14 to 36 per cent. of the rural population did not own land and that agricultural labour was drawn from this source; it was also found that roughly 4 to 9 per cent. of rural income was attributable to hired work on the land.² According to the 1937 population figures, wage earners in agriculture constitute approximately 50 per cent. of the total number of wage earners in the country.

In Indo-China, where rice is the principal crop cultivated by the natives, very little hired labour is employed; while in lower Burma, a country of comparatively large holdings, both permanent and migrant labour are employed on rice production in a large part of the country.

The high population density of Java and Madura and the limited land area combine to make the native holdings extremely small. In Java the average area is 0.9 hectare per landowner, including sawah and dry land—thus leading to an extremely intensive family cultivation with very little need for hired labour.

COMPOSITION AND NATURE OF THE LABOUR SUPPLY

Generally speaking, farm labour is supplied from the following sources : (1) landless labourers, who are referred to as hired labour, and whose only source of income is the wages, in cash or kind, paid them for agricultural work; (2) small landowners, tenants, share-croppers and part-time farmers, who are not labourers in the sense that they depend upon wages as their primary source of income, but are obliged to hire their labour to supplement their income, and thus form part of the hired labour class at certain periods of the year; (3) village artisans and servants, who seek employment as hired labour at seasons of demand with the same object, that of supplementing their income; and (4) members of

¹ Labor Division, Economic and Scientific Section, G.H.Q., Supreme Commander for the Allied Powers.

² "Labor Conditions in Siam", by V. LAKSHIMPATY, in *Asian Labor*, No. 1, Oct. 1948.

the families of all these categories of workers, whether men, women or children. To these categories might be added certain workers who alternate employment in industry with work in agriculture at certain seasons.¹ In Japan, industrial workers in rural areas spend from one fifth to one half of their normal working week in agriculture on off days or after the day's work. They also assist at the harvest.

The large-scale movement of farm labour at certain seasons responds to different crop operations. Some workers follow one crop from one area to another; others follow any crop in the same area or different areas; still others move long distances for a comparatively lengthy period of employment, for example, the Indian migrants to Burma's rice fields. In view of the vastness of some of these countries and the differences in seasons and crops, agricultural labour is forced to migrate. Migrant labour travels in family groups, as single individuals, or in gangs. The movement of labour, whether directed to distant or nearby areas, or even to other countries, reflects the geographical mobility of agricultural manpower.

The nature of the demand for labour varies according to the type of the job. In general, the demand is more for women and children than for men, who are wanted mainly for arduous labour.

In some areas there is a demand for gangs of labourers, especially for harvesting. Thus gangs of workers or groups of families sometimes come from considerable distances to areas where there is a demand for labour.

CHARACTERISTICS OF METHODS OF RECRUITMENT

In many parts of Asia the supply of farm labour exceeds the demand for it. This is mainly attributable to overpopulation in the rural areas as well as to the geographical maldistribution of the population. The limited amount of cultivable land has forced the population to crowd into certain areas which enjoy natural facilities for production.

The Asian labour market has certain characteristics of a pre-capitalist society. In European and North American farm labour markets, the relations between employer and employed are mainly

¹ It appears, according to the Labour Investigation Committee of India, 1944, that a considerable number of workers in coalfields migrate twice a year to take up work at sowing and harvesting seasons. Between one third to one half of the workers leave the mines, generally all at the same time.

on business lines, whereas in Asia, the employer-employee relationship is largely governed by social considerations. In some villages, community mutual help replaces the necessity for hired labour, and in this case no question of exchange or recruitment arises. In Japan this practice, prevalent in rice planting and harvesting, may involve not only neighbours but all the active farm workers of a village. It is found in communities where the size of the farm unit is small and production is for self-sufficiency. There are, moreover, areas where one man may work for another without entering into a capitalist wage relationship. These practices exclude a certain proportion of cultivators from the labour market proper during periods when there is need for outside assistance; and, consequently, the question of recruitment of hired labour does not arise.¹

But there are other small cultivators who are forced at certain seasons to have recourse to hired labour. The hired worker comes in the first instance from a nearby village; he might be a cultivator, tenant or share-cropper, a landless labourer, an artisan, or a family dependant of any of these. In such cases recruitment is done through personal contacts. Even when workers come from distant areas, they are directed by their knowledge of the crop situation in the various other areas of demand, and their movements are undirected and governed by tradition. Workers are, in essence, not recruited from their place of origin by cultivators, but offer their services on the spot if needed, thus supplying the necessary seasonal labour for all categories of cultivators and sizes of farms.

These methods of bringing together casual and seasonal workers and jobs indicate the personal and communal efforts which regulate supply and demand in the farm labour market, and the absence at this level of recruiting practices in the Western sense.

The recruitment of permanent labour does not differ in method and the hiring practices followed in engaging permanent or annual labourers also show the personal aspect of recruitment.

These methods, especially those connected with seasonal labour, involve certain elements of risk to both cultivator and wage earner. The unguided nature of the workers' movements in search of employment tends to create abundance of supply in certain areas and shortages in others. This prevents efficient utilisation of the available labour force, causing loss of products

¹ J. H. BOEKE: *The Structure of Netherlands Indian Economy* (New York, International Institute of Pacific Relations, 1942), Chapter XII.

through manpower shortage, as well as loss of opportunities of employment for some who are badly in need of it

The main characteristics of the prevalent methods of recruitment are as follows : recruitment is haphazard and unorganised¹, while private recruiting is the usual practice, especially in the backward subsistence farming areas. However, mention should be made here of the recruitment of Indian agricultural labour for employment in Burma rice areas. Prior to the recommendations of the Baxter Commission of 1940 and the Agreement that followed it in 1941, the *maistries* were employed to recruit Indian labour, mostly from Chittagong for reaping and from South India for other agricultural work. But since free immigration has been stopped, the *maistry* (or recruiting agent) system is not very much in evidence and there are no agencies for recruiting agricultural labour. Customary contracts under the "Pakiao" system in the Philippines implied a series of annual conventions involving limited verbal agreements and continuity of relations between the parties. The employer agreed to furnish the employee with land and shelter, subsistence and materials, and the contractor agreed to obtain all the workers needed.² In the areas where there are large-scale farms there is a more organised and stable demand for permanent and annual hired workers, but the seasonal demand is again mostly left to chance, although the labour supply more often responds to demand at the right season.

It may be said that haphazard and unorganised methods of recruitment have aggravated the mass movement of population in Asia. The difficulty of regularising the demand for farm labour because of the seasonal nature of agriculture and the various systems of farming has resulted in a vast migration of manpower in Asia. This implies short periods of employment and an eager search for other fields of employment, and, as a result, the casual and migratory worker has suffered considerable hardship, both from an economic and from a social point of view.

TRENDS IN THE AGRICULTURAL LABOUR MARKET

In view of the steady growth of population, the paucity of resources, the lack of alternative employment, the decay of indigenous industries and the rise in land values, the pressure of population on the land in various parts of Asia has greatly increased

¹ Even where, as in Japan, there are free public employment agencies.

² P. P. PILLAI : *Labour in South-East Asia* (New Delhi, 1947), p. 211.

in the last few decades and has affected the tenure status of farm workers. In India, for example, this tendency has been apparent since the end of the nineteenth century, the agricultural population having increased from 61.1 per cent. in 1891 to 71 per cent. in 1911, and to 73 per cent. in 1931, while agricultural production has not increased in proportion.¹

With the operation of the various social and economic obstacles to economic expansion, the continuous growth of population has contributed to a decline in the standard of living of the rural population and an increased burden of debt.²

In countries where the supply of farm labour is extremely large and is continually increasing, the level of productivity is bound to fall and the amount of debt and the number of landless labourers to increase. These developments have been partly arrested in some parts of Asia by the development of transport and communication facilities, the expansion of international trade and Government action in regard to some aspects of rehabilitation. Nevertheless, the fact remains that the level of remuneration is still low, and is operating as a limiting factor to periods of employment.

The landless worker, as distinct from other classes in the rural areas, works entirely for wages, and employment opportunities depend on the level of income from agriculture. In India, the growth of this class is very marked; Nanavati deplures this trend and calls this category of worker a "floating population". From another source comes the following statement :

All too frequently, the landless labourer is one who has declined in the economic ladder. With population pressure, the subdivision of land through traditional systems of inheritance so reduces the size of the holdings that they are too small even for bare subsistence. In China, it is often a matter of only a few generations before the wealthy family procreates into a number of poverty-stricken households. The position may be eased by renting other lands, so that tenancy is combined with ownership; but, eventually, a bad season or personal misfortune, or ceremonial expenditure in response to social imperatives, or the dragging gap between living expense and what can be earned on

¹ For India's index of agricultural production for recent years, see *The Eastern Economist*, No. 26, 31 Dec. 1948.

² Colin CLARK : *Conditions of Economic Progress*, p. 55. With the exception of Japan, the material standards of life are often markedly lower than in the poorest Eastern European countries. It is pointed out that there are fairly good indications of a comparatively high standard of income in Japan and a doubtful possibility in the Philippines. But there is no doubt whatever of the extreme poverty of China, India and Indonesia. When income level is low, its largest part is spent on food requirements. In rural Asia, nearly 75 per cent. of the farmer's income—or his production—is being consumed in the form of food.

inadequate holding, forces the farmer to go into debt and lose even the land which he possesses. Landless labour is the final stage of descent.¹

On arriving at the lower social and economic status in the village community, the labourer tends to move out of his village in search of work, even when this movement leads to shortage of labour in his particular locality. He thus becomes a casual labourer with no knowledge of employment opportunities elsewhere.

Caste and race also result in the creation of landless labourers. Caste in particular is largely responsible in India for the drift of a certain section of society towards wage labour, as in the case of the untouchables and the aborigines. It is also noticed in some parts of Asia that wage earners usually belong to certain races, as in Malaya, Indo-China and Indonesia. Generally speaking, this is a remnant of the serfdom which was at one time a common feature of agricultural organisation. It is often true that the lower castes in the rural society are still in a state of virtual serfdom. In India these semi-feudal servants become tied the more closely to their landlords and their land where they have large families to maintain, little resources to assist them to emigrate, and less opportunity for employment in gardens or mills, or on tea and coffee estates.²

These two contributory factors to the creation of landless labour in Asia, namely, the continuous descent down the agricultural ladder and the existence of social stratification, represent two important aspects of the labour market. The first category of landless workers, *i.e.*, those who have descended, both by their unsettled conditions of employment and by their preference—for social reasons—for work away from their own villages, impart a certain fluidity to the farm labour market. The second category, on the other hand, makes the labour supply inelastic and creates a stagnant market.

There is, moreover, a third category of workers which floods the labour market seasonally, comprising artisans and members of their families. Generally speaking, demand does not rise even at peak periods to the level of supply, and unemployment persists even at the seasons when agriculture demands a high level of employment.³ The ignorance of farm workers in regard to

¹ H. BELSHAW, *op. cit.*, p. 18.

² K. G. SIVASWAMY: *Caste and Standard of Living versus Farm Rents and Wages*, pp. 10-11.

³ Farm labour shortages are reported in some parts of China, but this is mainly due to mobilisation and displacement of population.

employment opportunities, regions of demand and particular demand result in labour shortages in some areas and labour surpluses in others. The vast distances separating regions of varying seasonal demand, and the lack of travelling facilities and of the possibility of reaching these regions in time, have persistently created a geographical maldistribution in the farm labour force. Economically speaking, the social stratification of labour has depressed the labour market by preventing certain classes of cultivators from rising on the agricultural ladder, and this has hindered economic expansion. Finally, the entry of the village artisans and all sorts of poor and destitute classes into the labour market as competitive elements at any wage level has lessened the employment opportunities of the landless labourer for regular seasonal employment at a reasonable wage level.

It could, therefore, be said that the abundance of the farm labour supply, the absence of knowledge of employment opportunities, the existence of a reserve farm labour force ready to take up work, and the social stratification of the labour market have created a high degree of disequilibrium in the farm labour market. This lack of adjustment between supply of and demand for hired labour accentuates the effects of population pressure on the land. The readiness of the cultivators to take up work in their spare time, together with the social practice of mutual help between villagers, have also diminished the employment opportunities of the wage earner. Any action to regulate the wages of hired labour should take account of all these factors.

CHAPTER IV

LEVELS OF AGRICULTURAL WAGES

In considering wage levels of hired labour in Asian agriculture, it is essential to keep in mind the economic and social objectives of agricultural production in these countries, outlined in the preceding chapters, and particularly the fact that agricultural production is carried out primarily to satisfy the food requirements of the family. Subsistence agriculture is a governing factor in determining the level of remuneration of the cultivator and of the hired labourer.

It is noticeable in this connection that the level of wages of hired labour in commercial and specialised enterprises is relatively higher, in view of higher productivity, than in other types of farms.

PRODUCTIVITY AND REMUNERATION

Statistics on productivity for the Asian countries are so incomplete as to limit the scope of reliable deduction. Colin Clark, however, estimates the average *per capita* real income for India at 110 international units on the average for 1925-1934, and for Japan at 353. He estimates, moreover, the productivity *per capita* of population in agriculture in China at 46.5 I.U. and in Japan at 146 I.U.¹ Absence of similar estimates for other Asian countries does not refute the universally held opinion that they compare unfavourably with Japan in this respect, and "there is a high degree of probability that all rank below Japan, and most substantially below, in *per capita* productivity in farming".² The low productivity of farming in Asia is also apparent from the labour intensity of production³, since there is a tendency for pro-

¹ International unit = "The amount of goods and services which one dollar would purchase in the United States over the average of the period 1925-1934".

² H. BELSHAW, *op. cit.*, p. 22.

³ That this is not a universal rule is shown by comparing the higher *per capita* yield in Japan with the lower one in China. "Conditions of soil and climate, availability of capital, the stage of development of agricultural arts, and the compatibility of economic and social institutions with economic progress are also important." See H. BELSHAW, *op. cit.*, p. 22.

ductivity per head to decline as the density of workers per area unit increases.

Considering productivity in terms of food supply, it is found that "the labour of one agriculturist in New Zealand is sufficient to supply an optimum diet (as defined by Sir John Boyd Orr) to 40 people, in Australia to 25 people ... in Japan ... for 2 people or less".¹ The comparison is even more unfavourable to China, India and other Asian countries. Again, from the yield point of view, the production in the Asian countries is evidently much lower per acre than in Western countries—a fact which has a far-reaching bearing on the level of remuneration of cultivators and hired labour. This is shown in table XII below for certain crops.

TABLE XII. YIELD PER ACRE OF SOME CROPS IN DIFFERENT COUNTRIES

(pounds per acre)

Country	Wheat	Rice	Maize	Sugar cane	Cotton	Tobacco
Egypt . . .	1,918	2,998	1,891	70,302	535	—
Germany . .	2,017	—	2,828	—	—	2,127
Italy . . .	1,383	4,568	2,079	—	170	1,139
Japan . . .	1,713	3,444	1,392	47,534	196	1,665
Java	—	—	—	113,570	—	—
China . . .	989	2,433	1,284	—	204	1,288
India. . . .	660	1,240	803	34,944	89	987

Source : *Statistical Year Book of the League of Nations, 1933-34.*

Translating the low level production as indicated in the table in terms of farm size will, undoubtedly, bring the picture nearer to reality. It has been generally held that the small size of holdings stands out as a major cause of low productivity *per capita* as well as of low standards of living.

The average size of holdings, while hiding wide variations according to region, and hiding also variations in tenure, does indicate that the extremely small size of the farms, in conjunction with only moderate productivity per acre, has been the basic

¹ Colin CLARK : *Conditions of Economic Progress* (London, 1940), p. 9.

factor in limiting the income that can be earned from agriculture. No doubt, given its small farm, a rural family can, by improving productivity alone, raise its income up to a certain point, but beyond this further increase in productivity leads to disproportionate increases in costs and consequently to no net increase in income. In parts of China, India, Indo-China, Indonesia and the Philippines, the units of agricultural enterprise operated by most rural families are far too small to provide even a basic minimum subsistence, and this means working the land to its physical maximum with the available capital supply with no thought of labour costs.

The smallness of income from agriculture is illustrated by table XIII, which summarises the conditions of an average household in two Chinese villages in provinces where the size of most farms is particularly small, Yit'sun (in Yunan province) and Kiangt'sun (in Kiangsu province) :

TABLE XIII. CHINA

	Yit'sun	Kiangt'sun
Average size of household . .	5.0	4.1
	<i>Acres</i>	
Size of family holding	0.65	0.59
Area of rented land	0.26	0.70
Size of farm under operation .	0.91	1.29
	<i>Piculs</i> ¹	
Total income from farm in terms of rice	57.0	61.6
Rent in terms of rice	13.5	28.0
Rice required for household consumption ²	24.5	20.3
Rice remaining after consumption and rent	20.0 ⁴	13.3
Deficit ³	4.5 ⁴	7.0

Source : Hsiao-tung FBI and Chih-i CHANG : *Earthbound China* (1945), pp. 298-299.

¹ 1 picul = 110.231 lb.

² At the rate of seven piculs a year for one adult.

³ Assuming other necessary expenditures require the same amount of rice as that for household consumption.

⁴ These figures are those given in the source, but it will be noted that if the figures for the three items immediately above are correct, these figures should be 19.0 and 5.5 respectively.

Professor Buck found that labour returns per man equivalent in China for the 2,866 farms in 17 localities of 7 provinces examined

in 1921-1925 were \$84 per year, almost the same as an operator's labour earnings of \$87. Medians were \$60 and \$51 respectively.¹ He attaches considerable importance to net profits per crop hectare, since this represents the margin available after current farm wages have been attributed to workers.² It is of importance in determining possibilities of raising wage levels through action aimed at redistribution of farm income.

Net profits per crop hectare, therefore, show a mean average of \$11.86 or a median average of \$7.09. Farmers in those localities where minus net profits occur are not making even wages, but in most cases this is because of low yields of crops during the particular year studied. The variability of net profits per crop hectare is very great, as is shown by the standard deviation of \$44.81 and the coefficient of variability of 288.2 per cent. This study further shows that farm earnings (which represent the difference between cash and non-cash expenses and receipts for both the operator and the landlord) with no deductions for investment interest have a unit average of \$240 varying from \$62 to \$470.

Further light is thrown on income per farm in China by the calculating of cash receipts and income in kind (from grains, livestock, silkworm products and miscellaneous) as appears in table XIV, which was reclassified on information gathered by Professor Buck.³

TABLE XIV. CHINA

(in yuan)

Source of income	Cash receipts	Income in kind	Total
Grains	152.97	90.75	243.72
Livestock and products	17.84	8.47	26.31
Silkworm products	7.04	0.32	7.36
Miscellaneous	22.15	25.21	47.36

¹ *Chinese Farm Economy, op. cit.*, Chapter III, p. 95.

² "Net profit per crop hectare measures both income per man and income per hectare in that there can be no profit until the agricultural workers are paid the current farm wage; that any net increase of receipts above expenses from more intensive methods represents income in addition to wages."

³ Ta-chung Liu: *China's National Income, 1931-36* (Washington, D.C., 1946), p. 29.

Mr. Liu estimated that agricultural income in kind as a percentage of agricultural gross income was, from Professor Buck's figures, 42 per cent.

In India, agriculture, despite its predominance in the country's occupational distribution, contributes only 9,331 million rupees, or 52.8 per cent. of the national income, whereas industry, in which only 15 per cent. of the total number of workers are engaged, contributes 3,000 million rupees, or 16.9 per cent. of India's national income; and income from services, in which 13 per cent. of the total number of workers are employed, amounts to 4,000 million rupees, or 22.6 per cent. of the total income. The result is that income per worker in services is 307 rupees, in industry 195 rupees, and in agriculture 133 rupees.¹ The *per capita* income of India has been estimated at 62 rupees with a margin of error of 6 per cent. Moreover, not only is this low, but its distribution is highly uneven. The condition of the majority, especially in the rural areas, is much worse than is indicated by the above figure of *per capita* income.² Rural income *per capita* has been estimated at 51 rupees per annum and urban at 166 rupees per annum.³

An alternative working gives the following results : Income per worker—urban, 426 rupees; rural, 135 rupees. Income *per capita*—urban, 162 rupees; rural, 48 rupees.

Average annual farm profits for 1933-1934 in Thailand varied from 0.58 baht (25 U.S. cents) in the north-east to 15.30 baht (\$6.45) in the south.⁴

Methods of distribution of agricultural incomes cause a considerable proportion of the income derived from the small output to be absorbed by rent, interest and sometimes by taxes, and manipulation of prices by traders results in cutting down the cultivator's proceeds from the sale of his crop.⁵

The relationship between cultivators' remuneration and wages of hired labour needs no emphasis, as the latter depends on the former. It should also be remarked that the employment of hired labour is not primarily a question of employing additional labour

¹ V. K. R. V. RAO : *The National Income of British India, 1931-32* (London, 1940), p. 187.

² NANAVATI and ANJARIA, *op. cit.*, pp. 35-36.

³ V. K. R. V. RAO, *op. cit.*, p. 188.

⁴ P. P. PILLAI, *op. cit.*, p. 201.

⁵ For details on these points, see PREPARATORY ASIAN REGIONAL CONFERENCE OF THE INTERNATIONAL LABOUR ORGANISATION, New Delhi, 1947, Report II : *Labour Policy in General, including the Enforcement of Labour Measures* (New Delhi, I.L.O., 1947).

to raise output so that remuneration is determined by net marginal product. It is more a question of employing labour at certain stages of the harvest in order to ensure any production at all. With the exception of commercial enterprises and large holdings, all the categories of small cultivators, and even a considerable proportion of the medium, do not avail themselves of hired labour except when it is absolutely necessary, and when family labour is insufficient for the volume of production. And even in these circumstances the employment of hired labour is limited to the bare minimum, is employed for a short period, and is paid the lowest possible wages. It is not, therefore, surprising that wages of hired labour are extremely low.

WAGES OF HIRED LABOUR

Statistics of the wages of hired labour, whether in cash or in kind, are even more scanty than those of the earnings of cultivators. Nevertheless, some examples will perhaps indicate the general levels of wages.

The contents of the labour contract are rigid, and are related to the economic situation of the locality as well as to the system of cultivation. The Indian Hali, for example, is paid in kind, and his wages amount to 4 seers (1 seer = 2.057 lb.) of paddy a day or $2\frac{1}{2}$ to 4 seers of jowar, according to which is the main crop. In parts of India (Gujarat), if the paddy is an important crop he gets 5 seers instead of 4 during the harvest season¹, while in certain parts of China, the long-term employees are fed and lodged and paid a lump sum in cash at the end of the year.²

In China, according to the report of the Bureau of Statistics of the Chief Controller's Office of the National Government, the average annual wages for a resident farm hand before the war were from 30 to 50 Chinese dollars, the monthly wages from 4 to 8 dollars, and daily wages from 30 to 40 cents. According to the investigations conducted by the Chinese Farmers' Bank in 1944, in the 14 hsien of nine provinces, the average annual wages for resident labour, in Chinese dollars or yuan, amounted to \$7,653, or not quite 200 times pre-war wages. The average monthly wage was \$985 and the average daily wage \$79 (in each case meals were provided). In the same year, the average commodity price index for Chungking and six other cities was 41,472, or 414 times

¹ M. B. DESAI, *op. cit.*

² Hsiao-tung FEI : *Peasant Life in China* (London, 1939), pp. 178-179.

that of the first half of 1937; thus, the annual actual earnings for resident hired labour in 1944 were no more than \$18.6 in pre-war yuan.¹

In India, as in China, levels of wages are not uniform. Computation of agricultural wages is difficult owing to the prevalence of wages in kind and the existence of supplements and concessions. According to a wage census enquiry (1946) of the Madras Government², cash and grain rates³ of daily wages for field labour, in rupees, were as follows :

<i>Average :</i>			
Men	0.15.1	cash;	0.12.7 grain
Women	0. 8.11	„	0. 9.2 „
<i>Maximum :</i>			
Men	1.11.2	„	1. 3.9 „
Women	0.12.5	„	0.12.8 „
<i>Minimum :</i>			
Men	0.11.6	„	0. 9.6 „
Women	0. 6.6	„	0. 6.0 „

For men the highest cash rates were in the Agency tracts and the lowest in the plains, and for women this position is reversed; for men the highest grain rates were in populous areas and the lowest in hilly districts. For women the highest grain rates were in the deltas and the lowest in Agency tracts.

In the Bombay Presidency, cash wages have been replacing wages in kind in recent years, except at the grain harvest time. In 1943, the normal daily rates of wages in Gujarat were only 4 to 6 annas for men and 3 to 5 annas for women. In the irrigated tracts, and near towns, wages are a little higher.

According to one of the recent Punjab Farm Accounts (published in 1943), the prevailing rates of cash wages of hired labour per day before the war amounted to only 5 annas in the canal colonies, 4 annas in the Central Punjab and 3 annas in the dry districts of the South-East Punjab.

Compared with pre-war rates, wages of hired labour in the Punjab have increased $2\frac{1}{2}$ to 3 times and the same is true of

¹ Communication from the I.L.O. correspondent in China. The official pre-war rate for the yuan was 3.33 to the U.S. dollar.

² Government of Madras, G.O. No. 3045, 12 July 1947.

³ In Madras, the basic wage for a farm servant has usually been a grain wage calculated at so much per day in terms of measures which would weigh from 2 to 5 lb. of unhusked grain. A few annas of cash used to be paid to the worker for purchase of oil, salt and condiments where these were not supplied in addition to grain.

Bengal. The daily wages of the unskilled labourer, according to the reply of the Government of Punjab to the Famine Enquiry Commission of 1945, rose from 6 to 15 annas, while the monthly wages of ploughmen rose from 8 to 24 rupees.

Wages also vary with seasonal fluctuations in activity. In Bengal, for example (1938-1939), wages ranged between 2.5 and 6 annas in the harvesting period, but between 2.5 and 4 annas at other times.

It is extremely difficult to give a general average for wages of hired labour in India. Wage rates show considerable variations from one part to another as well as from one crop to another. However, tables XV and XVI below show the approximate average wages of hired farm labour in Bombay and Madras, by way of illustration.¹

TABLE XV. BOMBAY : WEIGHTED AVERAGE RATE OF DAILY WAGES FOR WHOLE PROVINCE

Category of labour	1913	1943 (a)	1944 (b)	Percentage increase of (b) over (a)
<i>Urban areas :</i>	<i>rs. a. p.</i>	<i>rs. a. p.</i>	<i>rs. a. p.</i>	
Field labour (agricultural labour).	0. 4. 9	0. 9. 0	0. 13. 11	55
Unskilled labour. . . .	0. 5. 9	0. 11. 4	1. 0. 3	43
Skilled labour.	0. 12. 6	1. 8. 5	1. 13. 9	22
<i>Rural areas :</i>				
Field labour (agricultural labour).	0. 4. 0	0. 7. 0	0. 13. 0	70
Unskilled labour	0. 4. 6	0. 7. 10	0. 13. 4	70
Skilled labour	0. 10. 9	1. 2. 8	1. 9. 6	37

Source : *Labour Gazette*, Dec. 1947.

In Madras, wage censuses taken in 1936, 1941 and 1946 showed the following daily rates of wages for artisans and rural labourers in the province.

¹ From 1940, until the devaluation in 1949, the rate of exchange for the rupee was 3.3 to the U.S. dollar.

TABLE XVI. MADRAS PRESIDENCY : AVERAGE RATE OF DAILY WAGES FOR RURAL LABOURERS

Year	Artisans ¹		Field labourers ²					
	Cash	Grain ³	Men		Women			
			Cash	Grain	Cash		Grain	
	rs. a. p.	rs. a. p.	rs. a. p.	rs. a. p.	rs. a. p.	rs. a. p.	rs. a. p.	rs. a. p.
1936	0. 11. 0	0. 7. 3	0. 4. 3	0. 3. 5	0. 2. 10	0. 2. 9		
1941	0. 11. 6	0. 6. 4	0. 4. 5	0. 3. 11	0. 3. 2	0. 3. 3		
1946	1. 10. 11	1. 7. 11	0. 15. 1	0. 12. 7	0. 8. 11	0. 9. 2		

Sources : The FAMINE ENQUIRY COMMISSION : *Final Report*, p. 485, and the *Labour Gazette*, Nov. 1947.

¹ The class of artisans includes village craftsmen such as carpenters and blacksmiths. ² Ploughmen and wage earners engaged in sowing, transplanting, weeding, reaping and harvesting are included under this head. ³ The grain rates given in the above table are the equivalent, in terms of cash, of wages paid in kind.

The above rates of wages are, however, average rates for the entire province and conceal very wide variations between its different regions. Thus, the highest cash rate for male field labourers in 1946 was 1 rupee 11 annas 2 pies in the Agency tracts (North-East Madras) and the lowest 11 annas 6 pies in the plains. Wage rates for agricultural workers in 1939 and 1945, in each of the ten zones into which Madras province can be conveniently divided, are given in table XVII below.

TABLE XVII. MADRAS : DAILY WAGE RATES OF AGRICULTURAL LABOURERS IN 1939 AND 1945

Zone	Male		Female		Boy	
	1939	1945	1939	1945	1939	1945
	a. p.	a. p.	a. p.	a. p.	a. p.	a. p.
I. Vizagapatam . .	6. 6	12. 0	3. 0	6. 6	3. 0	6. 6
II. Circars—coastal .	7. 4	19. 0	5. 2	13. 4	3. 8	12. 8
III. Circars—uplands .	8. 0	16. 0	6. 0	12. 0	4. 0	10. 0
IV. Deccan districts .	4. 3	14. 6	3. 0	11. 0	2. 3	8. 0
V. Carnatic	7. 0	17. 0	7. 10	13. 0	7. 0	11. 0
VI. Cauvery delta . .	5. 4	13. 6	3. 0	7. 0	2. 7	5. 8
VII. Central districts .	5. 5	15. 8	3. 2	9. 7	2. 4	6. 9
VIII. Extreme S.W. . .	12. 0	22. 0	6. 6	11. 0	4. 6	9. 0
IX. Extreme S.E. . .	5. 0	13. 0	2. 9	8. 6	29. 9 ¹	7. 6
X. West coast . . .	4. 6	17. 0	3. 0	9. 0	2. 3	7. 0

Source : *Report of the Economist for Inquiry into Rural Indebtedness, 1946* (Government of Madras), p. 48.

In the United Provinces, according to a quinquennial survey of rural wages conducted in December 1944, the greatest concentration of frequency occurs in the wage groups 7 annas 9 pies and 5 annas 7 pies in cash and kind. Cash wages, however, incline a little more towards the former, while wages in kind incline a little more towards the latter. As regards unskilled labour, districts in the north and north-west show a modal wage of 16 annas per day, the central and Bundelkhand regions one of 8 annas, and the eastern region three rates of 4, 6 and 8 annas in three separate parts. In the eastern districts, very low wages prevail, 2 or 1½ annas (called "influenced wages") per day, due to feudalistic features and the caste system. The disparity between western and eastern districts is due to a higher standard of living in the former and greater density of population in the latter.

In Ceylon, the rates of wages of non-estate agricultural occupations in 1943 were as shown in table XVIII below.

TABLE XVIII. CEYLON

Agricultural paddy	Men (per day)	Women (per day)
Ploughing	40 cents to 1 rupee	—
Sowing and transplanting	30 cents to 1 rupee	25 to 75 cents
Weeding	30 to 80 cents	20 to 75 cents
Reaping and harvesting .	35 cents to 1 rupee	20 to 75 cents
Other agricultural labour	50 cents to 1 rupee	30 to 75 cents

The situation in Lower Burma varies according to the type of cultivation. In the closing years of the nineteenth and the early years of the present century, the general level of agricultural wages seems to have been well above the margin of subsistence. Writing in 1931, J. S. Furnivall¹ maintained that "it was true until recently and may still be true that the ordinary labourer on the ordinary rates of wages was able to save money". At least in the early years of the present century, it was possible for a thrifty agriculturist to put by enough money in three years to buy a yoke of cattle and set himself up as an independent farmer; in addition to fair wages, the labourer had reasonable security,

¹ J. S. FURNIVALL: *An Introduction to the Political Economy of Burma*.

as it was customary for labour to be hired by the year. Wage rates differed from one district to another, but, according to Furnivall, at this time the workers' earnings averaged from 100 to 140 baskets of paddy a year (1 basket = 46 lb.) in addition to free board and lodging.

Conditions deteriorated after the world economic crisis, and the custom of hiring labour by the year gradually declined, to give way to a new practice of hiring labour for about four months during the ploughing season and two months during the harvesting season. Both remuneration and period of employment have decreased. Furnivall estimated that between 1871 and 1931 agricultural wages in Burma had fallen by about 20 per cent. Thus, a more recent report indicates that an agricultural labourer would receive seven months' board and 100 to 140 baskets of paddy, and for the remaining five months he would be unemployed.

Harvesters, according to the Searle Inquiry of 1934, were paid on the same terms as the Indian gangs. The most usual form of remuneration was a percentage, usually a tenth, of the crop reaped. However, payments were sometimes made by area—i.e., 2 rupees per acre plus subsistence rations, or daily wages of 6 annas were paid.

In Indo-China, the lowest paid workers are the unskilled workers in industry and agriculture. The wage of agricultural workers amounted in 1933 to 0.22 piastre¹ a day for men and 0.16 piastres for women, when employed by native employers; these rates were supposed to be increased by 0.02 piastre on the European concessions. In addition to these cash wages, the worker usually received two meals a day, valued at 8 to 10 cents.² In general, wages vary with the region, but it is estimated that in pre-war years the wage earner averaged an annual income of 49 piastres.³

In Japan, reports for early 1949 indicate that wages for permanent workers for half a year's services are 10,000 yen, or 2 kyo of rice (120 kg.). Permanent workers receive in addition room, board, and generally working clothes, and female workers often receive household furnishings and bridal clothes. The pre-war average wage for a daily labourer was 1.50 kg. of rice. In a survey

¹ Until September 1936 the rate of exchange for the piastre had been fixed at 10 French francs for 1 piastre.

² See I.L.O.: *Labour Conditions in Indo-China*, Studies and Reports, Series B (Economic Conditions), No. 26 (Geneva, 1938), p. 143.

³ See V. THOMPSON, *op. cit.*, p. 187. In 1937, "Daily wages of men workers in the north may therefore be said to range from 11 to 24 cents, and in the south from 25 to 46 cents. The average for women workers was from 7 to 16 cents." See also P. P. PILLAI, *op. cit.*, p. 238.

of 269 villages, cash payments, where wages were paid only in cash, were 217 yen for men and 196 yen for women. This would not be more than 0.50 U.S. cents a day.

In Thailand again, remuneration of rural labour has varied from region to region and cannot always be represented in terms of money. Most Thai farmers are peasant proprietors who work only temporarily for hire, doing odd jobs when they need cash. In the north and centre of Thailand the largest part of the income of the population is derived from agricultural work. Earnings differ greatly according to region.

/ P. P. Pillai recorded wages for ordinary unskilled labourers (largely rural) as varying from 0.50 baht (21 U.S. cents) in the north to 1 baht (42 cents) in central and southern districts where demand for labour is greater; but in any case relatively few people work for wages. In good years a farm worker in central Thailand might get from 80 to 120 ticals for six months' work in agriculture, in addition to free board and lodging.¹

In the Philippines, the daily wages of agricultural labourers in 1939 ran from a minimum of 0.15 peso to a maximum of 2.00 pesos throughout the Islands, or an average minimum of 0.42 peso and an average maximum of 1.05 pesos.² The Bureau of Census in 1941 showed that many wage earners in Panpanga (one of the most prosperous provinces) received much below the average wage : 652 agriculturalists, including 100 farm hands, were making less than 0.10 peso a day; 2,358 were receiving a wage of from 0.10 to 0.19 peso a day; 3,292 reported wages of 0.20 to 0.29 peso a day.³ The 1940 *Manila Bulletin* survey showed that the average farm hand is paid 0.50 peso a day.⁴ Since the rate of exchange for 2 pesos is 1 U.S. dollar, this means about 25 cents a day.

In Indonesia, wages paid by native cultivators must be distinguished from those paid by plantations. Extremely few statistics exist regarding rates of wages paid on native holdings, especially in regions where payment is mostly made in kind. On plantations, the lowest daily wages paid in pre-war years to agricultural labourers

¹ See V. THOMPSON, *op. cit.*, pp. 231-232.

² *Labour Bulletin*, Sept. 1939.

³ *Manila Bulletin*, 23 July 1941.

⁴ *Ibid.*, 26 Feb. 1940. P. P. PILLAI, in *Labour in South-East Asia*, p. 211, gives the average daily wage as 44 centavos, or some 23 U.S. cents. "Minimum daily wages in various provinces of the Philippines, in April 1939, were as low as 0.12 peso for female agricultural labourers in Capiz and as high as 1.50 pesos for hemp classifiers and mechanics in Davao". Maximum daily wages for female agricultural workers in Capiz were 0.20 peso.

were approximately a tenth of a guilder, for the preparation of copra on Batan. In the Buiténzorg Residency the same pay was earned by women and children employed part time in the local tea gardens. A slightly higher wage—0.12 guilder a day—was paid to women preparing cinchona in West Java and also to women rubber tappers in the Buiténzorg area, but women tea sorters in the Residency received from 0.12 to 0.15 guilder. In general, men received higher wages than women for the same work, male preparers of cinchona bark in West Java earning 0.23 guilder a day as compared with 0.12 guilder for women. Male harvesters in the same region were paid 0.35 guilder as compared with 0.23 guilder for women.¹

There are great difficulties in interpreting the significance of the rates of wages. It is never possible to ascertain exactly what supplementary benefits the worker may receive or what unpaid obligations he is expected to discharge. Rates of pay are not always clearly defined and statistics are very inadequate. It is clear, however, that wages are extremely low. Striking an average for Asian countries, rural hired labourers in pre-war years received 10 to 15 U.S. cents *per diem*. In fact, the surprising feature of whatever statistics are available is the regularity with which 10 to 15 cents may be taken as an average. In Ceylon, Thailand and the Philippines, perhaps owing to estate management and Western capital development, the rate is considerably higher, being somewhat more than twice the average for other countries.

Even if the wages received by other workers, with the exception of those engaged in the professions and service industries, are correspondingly low, it is obvious that the agricultural worker did not command sufficient of the material requirements of food, clothing and shelter to keep himself and his family efficient and healthy on such a wage, and it is difficult to see how life could be maintained even for a relatively short period. Debt and servitude are one solution of the problem, child labour another.

RIGIDITY OF WAGES

The pre-war wage was inadequate, and the position does not seem to have improved since. It is of course difficult to lower wages which tend at all times to be near subsistence level. This

¹ V. THOMPSON, *op. cit.*, p. 141. In pre-war years, 1.8 guilders were equivalent to 1 U.S. dollar.

is more true in the case of ordinary farm labour than in the case of skilled labour, although there are other reasons for the stability of wages in the latter category. Custom and tradition are among the social factors that also contribute to wage stability.

It is difficult to ascertain the level of real wages of hired labour, partly because of the prevalent custom of payment in kind and the absence of statistics relating to prices and cost of living in the rural areas.¹ Payment in kind, which constitutes a large proportion of the remuneration of hired labour, is governed by local custom and tradition. These payments show certain variations from one place to another, determined by such factors as fertility of the soil, type of cultivation and crop, etc., which in any given district are more or less stable.

A long-term estimate of real wage trends in India has been worked out by Radhakamal Mukerjee. "Considering the increasing pressure of the population on the soil and the absence of adequate avenues of alternative employment, the long-term trend of agricultural wages (real wages) in India should be in the downward direction, and this hypothesis would seem to be confirmed by the ... estimates for Bengal made by Radhakamal Mukerjee."²

TABLE XIX. BENGAL

	1842	1852	1862	1872	1911	1922
Remuneration of field labour without food (in annas)	1	1.5	2	3	4	4 to 5
Price of rice (seers per rupee; 1 seer = 2 lb.; 1 rupee = 16 annas) . . .	40	30	27.1	22.7	15	5
Wage in seers	40	45	54.2	68.1	60	20 to 25

Movement in agricultural money wages has, of course, been noticed during the last war. By way of illustration, table XX gives the wages of unskilled labourers in several divisions of the relatively prosperous Bombay Presidency since the beginning of the war up till 1943.

¹ The question of methods of payment will be discussed in the next chapter, and the importance of payment in kind in wage formation will then be realised.

² P. P. PILLAI, *op. cit.*, p. 14.

TABLE XX. BOMBAY PRESIDENCY

Year	Presidency	Political Division			Economic Division		
		North	Central	South	Gujarat	Deccan	Konkan
	a. p.	a. p.	a. p.	a. p.	a. p.	a. p.	a. p.
1939	4. 7	5. 6	4. 1	4. 3	5. 4	3. 11	5. 10
1940	4. 7	5. 4	4. 1	4. 4	5. 2	4. 0	5. 10
1941	4. 8	5. 5	4. 3	4. 4	5. 3	4. 1	5. 10
1942	5. 1	5. 5	4. 11	4. 10	5. 5	4. 8	6. 2
1943	7. 8	8. 11	7. 7	6. 7	9. 5	6. 8	8. 8

Source : *Bombay Labour Gazette*, 1940-1944.

That increases of this type were, however, reactions to a rise in the price level and in the cost of living is indicated by tables XXI and XXII below.

TABLE XXI

District	1939		1945		1948 (January)	
	Wages	Prices	Wages	Prices	Wages	Prices
Azamgarh .	100	100	214	326	214	512
Gorakhpur .	100	100	214	326	214	543
Meerut . . .	100	100	212.5	312	212.5	680
Unnao . . .	100	100	125	317	125	548
Jhansi . . .	100	100	215	336	215	644
Almora . . .	100	100	360	380	360	620

Source : Vir Bahadur SINGH : "The Problems of Agricultural Labour", *The Indian Journal of Agricultural Economics*, Vol. III, No. 2, Sept. 1948, p. 69.

If anyone has gained from the rise in rural prices it has been the landowners, landed farmers and merchants, not the rural labourer, whose position, where this was possible, has deteriorated.

In other regions, for example Bengal and the Punjab, wages appear to have risen from 250 to 300 per cent. since before the war. It is not possible to relate these changes in cost-of-living

TABLE XXII. PER CAPITA RURAL COST OF LIVING IN THE UNITED PROVINCES
(1939 = 100)

District	1945	1948 (January)
Azamgarh.	312	533
Gorakhpur	298	512
Meerut	458	643
Unnao	354	576
Jhansi	373	625
Almora	402	682

Source : The same as for table XXI above.

trends in these areas. But for India as a whole the cost of living has increased in roughly the same proportion.¹

In the Philippines, the Chief of the Division of Labor Statistics of the Department of Labor summarised the situation of wages in agriculture in the following terms: "Our exports and staple products have increased by leaps and bounds, and yet the wages of our agricultural labourers, averaging 60 centavos a day, have practically remained where they were two decades ago".² Part of the explanation of this situation is shown in the Government 1936 Fact-Finding Survey. It established that 10,500 tenants, working an average of two hectares each in a total area of 41,600 hectares in the rice-growing regions of Central and Southern Luzon, were receiving an average annual income of 122 pesos per family. That is to say, those tenants were earning, in effect, an average daily wage of 0.36 peso, which is less than either the *Manila Bulletin* figure of 0.50 peso, or the Department of Labor figure of 0.60 peso, for agricultural labour.

Information on wage trends in Asian countries is hardly sufficient to arrive at any certain conclusion regarding the trend in real wages for rural workers. Where these are paid mostly in kind the problem is of small importance.

¹ *The Eastern Economist*, Vol. XII, No. 16, 22 Apr. 1949, p. 681.

² *Labor Bulletin*, Sept. 1939.

Wages are however increasingly paid in cash. This makes the question of cost-of-living changes more and more a determining factor in the wellbeing of the agricultural worker.

AGRICULTURAL AND INDUSTRIAL WAGES

As might be expected, money wages of industrial labour are higher than those of agricultural labour. But national wage-scales are difficult to establish, in view of the absence of wage statistics, and it is therefore not easy to make any general computations of wages or earnings of industrial labour. It is equally difficult to ascertain the level of real wages, as no reliable cost-of-living statistics have been established in any of the Asian countries. But it is generally held that in towns the level of money income of industrial labourers is higher than that in the villages, and that money income in factories is higher than in handicrafts. In other words, money incomes have a tendency to decline the more one moves from town to village, or from modern factory systems to traditional handicrafts. It must also be noted that the level of wages in plantation estates shows a marked difference from those paid by native cultivators.

But these differences in money wages between industry and agriculture should not be taken as absolute. Industrial workers live in towns, where the cost of living is bound to be higher than in the villages. Moreover, payment in kind, as part of the agricultural labourer's remuneration, is an important item in reducing his cost of living. On the other hand, the continuous employment enjoyed by industrial labour, as compared with the intermittent employment of agricultural labour, has the opposite effect.

Whether paid in cash or in kind, or in both combined, agricultural wages have been very low in India compared with wages in industry. It is hardly possible to give a national figure, as wages in India vary very widely, not only from one area to another or one industry to another, but also from one undertaking to another in the same industry. For example, owing to the large supply of cheap labour available in the mining areas, miners' wages have as a rule been much lower than the wages of workers in the larger industrial undertakings, though during the war miners were provided with rations, first at concession rates, and later free of charge. In Bihar, in 1932-1938, the average monthly earnings of a miner or a loader were 10.2 rupees as compared with 42 rupees earned by a worker in the engineering industry in the same province,

or 49.6 rupees earned by a weaver in the cotton mills in Bombay.

In Burma, wage levels are higher than in India. In the years before the economic depression, labourers employed in industrial undertakings used to earn an average of 25 rupees a month. The daily rates of casual labour used to be more than 12 annas, as against 8 annas in some Indian provinces such as Bengal, Bihar and Orissa, and parts of the Central Provinces.¹ In the smaller rice mills of Burma, the pay of the mill hand varied from 18 to 40 rupees per month, and the average pay was 25 rupees. The coolie earned about 22.8 rupees a month, while women coolies were paid about 15 rupees a month. In the years following 1931, wages fell sharply, and between 1934 and 1937 average rates remained stationary.

In Thailand, although statistics are scanty, it is found that wages paid by firms in the capital remained fairly stable during the period 1933-1939, the daily pay of coolies averaging about 75 to 80 satangs for men and 60 satangs for women for a day's work of 8 to 9 hours. In 1933-1939 the highest paid class of workers were fitters (2.11 ticals), turners (2.34 ticals), and blacksmiths (2.47 ticals).²

The pre-war rural wages *per diem* are stated to have been 0.50 to 1 baht.³ Coolies earn 0.80, and other workers up to 2.50 baht.

In the Philippines, it was found in 1939 that the average daily wage in all industries was 0.61 peso, and in agriculture 0.44 peso. The average monthly earnings were 29 and 14 pesos respectively.

In Malaya, in 1938, the daily sums earned by skilled male factory workers ranged from 80 cents to \$1.20, and in some remote areas and in certain undertakings the daily wage might amount to as much as \$3. The wages paid to estate labourers were higher than those for men employed on smallholdings. Daily wages of 35 to 60 (Straits) cents were representative of the pre-war level for unskilled workers on Malayan estates.⁴

These are only examples to illustrate the fact that nominal wages of industrial workers in Asian countries appear to be higher than those of agricultural labour, Japan being partly excluded.⁵ The

¹ GOVERNMENT OF INDIA : *Report of the Royal Commission on Labour in India* (1931), p. 203.

² V. THOMPSON, *op. cit.*, p. 233.

³ P. P. PILLAI, *op. cit.*, p. 200.

⁴ *Ibid.*, pp. 91-92.

⁵ In this country, "wages in agriculture may be slightly more favourable by comparison with those in manufacturing because the average number of hours worked is somewhat higher in the agricultural activity". Two

[Footnote continued overleaf.]

question of length of employment of these two categories of workers has not been discussed here, as reference has often been made to the short period of employment in agriculture.

VARIATIONS IN WAGE LEVELS

Women and Children

Some indication has already been given above of the differences between rates of wages paid to men, women and children. The evidence indicates that female workers are paid lower rates. It is a general practice to engage female workers in simple farm operations such as sowing and harvesting, while children do certain subsidiary work. Statistics regarding sex distribution are extremely rare in Asian countries. The explanation is to be found first in the nature of the subsistence production which is mainly performed by the family labour, and secondly in the prevalent practice of hiring labour in a "family group" as a working unit, including men, women and children, though both women and children hire themselves as individuals or as groups for certain types of farm work, especially at the rush season. When the family works as a group, whether on a permanent or seasonal occupation, a group payment is paid. Thus the women's wages in such circumstances are merged with those of other members of the unit.

The low rates of wages paid to dependants are in part due to the urgency of their finding work to supplement family earnings. The extent to which it is necessary for them to do this is shown by table XXIII below.

TABLE XXIII
(in millions)

	1911 Farm servants plus field labourers	1921 Farm servants plus field labourers	1931 Principal occupation agricultural labour
Male	13.1	11.7	14.9
Female ¹	12.7	9.9	9.9

¹ The decrease in female labour in 1931 is only apparent and not real. It is presumably due to a change in classification under which women were registered either as domestic servants or dependants.

thirds of those employed in agriculture and forestry work 49 hours and more per week, though "wage levels in agriculture for daily and casual manual workers were lower in pre-war years than in non-agricultural activities" (Labor Division, Economic and Scientific Section, G.H.Q., Supreme Commander for the Allied Powers).

This table shows the high proportion of female workers in the volume of farm manpower. No statistics are available regarding the proportion of children employed. But it could be assumed that all children above ten years of age are employed on seasonal work, and thus they form an important section of the agricultural labour force. The extent to which children are employed has often been considered as one of the fundamental reasons for the low wages of hired labour in Asia.

Sex and age are therefore determining factors of wage rates. In India, the wages of women who are generally employed on picking, transplanting or reaping ordinarily range from 25 to 50 per cent. below men's wages, while children, who are generally engaged on watching, grazing or fencing, get half the ordinary wages. However, the margin of difference in wages due to sex seems to get narrower during the rush seasons, or to disappear completely when the work is done by groups, and in Japan it is found that female wages for day workers are as high as 80 per cent. of the male rates.

Special Categories of Workers

Though wages in general tend to subsistence levels, skilled workers, especially in regions where certain commercial crops, such as rice, are cultivated, receive higher rates of pay.

Wage rates also show certain variations according to the district, the fertility of the soil, and the distance that separates the farms from industrial and commercial districts. Moreover, there is generally a noticeable rise in wages during rush seasons. Harvest-time wages may be at least double those paid in slack seasons.

The intermittent character of employment in agriculture is primarily responsible for the low level wage rates of the permanent labourers or labourers employed on a yearly basis. It is generally admitted that these categories of workers are paid lower wages than the seasonal and casual labourers. Long-term employment and relatively permanent residence induce the labourer to accept lower rates. The length of effective employment periods for such workers varies with the fertility of the soil, irrigation facilities and systems of farming.

The wages of casual daily labourers are generally higher than the wages of seasonal labourers, and those of seasonal labourers are higher than the wages of resident labourers. While casual

labourers are paid in cash or in kind or in both, with free supplements of meals, seasonal labourers are usually given a share of the harvest. On the other hand, certain types of work, such as reaping, and work requiring longer hours, such as irrigation and ploughing, are paid higher wages.

CHAPTER V

PAYMENT OF WAGES

The form of wage payment in Asia varies greatly from country to country and even from district to district. The prevalence of payment in kind is due to the importance of subsistence agriculture. Workers who are paid wholly in cash constitute an as yet insignificant, although growing, proportion of the total farm labour force, especially in the vicinity of industrial centres. The rise in the prices of foodstuffs during and after the two world wars has encouraged many cultivators — mainly big landowners — to pay in cash. Nevertheless, a significant proportion of wages is still paid in kind, and the general preference of workers is for part payment in kind.

METHODS OF PAYMENT

Payment in kind, however, takes a variety of forms, depending on the type of labour contract. Generally speaking, hired labour falls in principle into three categories : permanent farm servants, farm servants employed by the year or the season, and casual labourers engaged mainly on a daily basis.

Permanent Farm Servants

In certain parts of Asia, especially in rice cultivation regions, the system of permanent farm servitude is dominant. It is considered to be one of the oldest systems still existing, and retains certain features of the feudal régime. In most cases, the engagement starts with the grant of a loan by the landowner, and debt becomes the basis of the labour contract and the liquidation of the debt marks its end. For example, the Padigal in the rice cultivation areas of Madras, and the Hali and the aborigines and the untouchables in the Central Provinces of India, are considered permanent farm servants, and in essence the system represents a bonded service.

The same is true in Japan, as the following extract shows :

The labour contract for permanent farm labour has a long existence in Japan, and is in effect a form of feudal bond service. Male or female servants were attached to a particular master for life, frequently being hired or sometimes purchased in their childhood from their parents for comparatively small sums, or else to work off a debt. These feudal ties of servitude required the acceptance by the individual of a life of work devoted to his employer's welfare. Most of the activity was farm labour, although females were frequently engaged exclusively in domestic service. The basic reason for this source of the agricultural labour supply was the generally depressed condition of agriculture and the consequent inability of the poorest farm households, with their minute holding, to maintain their steadily increasing population after the middle of the nineteenth century.¹

This type of service was on the decline before the war, and was outlawed under the 1947 Constitution as infringing individual liberties.

Nevertheless, many instances of servitude and hundreds of child-selling cases are reappearing in severely impoverished areas, despite vigorous action by the Japanese authorities.¹

As a result of the decline of the lifetime "contract" most of the permanent hired workers are now younger people.

They generally include the second or third male child, or, in the case of females, girls working to earn a marriage "dot" or dowry. The period of contract usually runs for half a year, or one year.¹

In cases investigated in one village it was found that prices ranged from 1,500 to 4,000 yen, or \$8 to \$20 at the ruling exchange rate. The brokers received 800 to 1,000 yen as commission, or perhaps 2 to 3 syo (3 to 4 kg.) of rice. No written contracts were signed, and the term of service was left undefined. A *Nippon Times* report of 8 May 1949 stated that the children received clothing and were allowed to attend village festivals once or twice a year, but were given no regular wages. The younger children usually looked after the children of the household while the housewife toiled in the fields.¹

The payment of permanent labour is different in the different countries and localities. Permanency of contract in general does not imply obligations on the part of the employer to provide regular work, nor does it prevent the worker from taking up work somewhere else in the slack season. The wages agreed upon

¹ Labor Division, Economic and Scientific Section, G.H.Q., Supreme Commander for the Allied Powers.

are paid him on all working days, and sometimes—especially during harvest periods—he gets either a higher ration or higher pay.¹

Wages remuneration may include some small payments in cash in order to enable the workers to purchase certain small family requirements, but the major part of the remuneration is usually paid in kind from the produce of the land. Food, clothing, tobacco and sometimes tea, etc., usually constitute the greater part of the wage payment. Moreover, it is customary to allot permanent labourers a small plot of land and to permit the raising of a certain number of sheep and cattle on the master's land. At feasts and holidays, it is also customary to give a present, also mostly in kind—in the form of rice or oil, for example. The services of the worker's wife and children are usually remunerated by the master at customary rates. Last, but not least, the worker is allowed to build himself a shelter, and sometimes the master contributes to the building expenses.

A complete picture of the situation of permanent farm servants in Asia is impossible, and the institution itself has its roots in serf labour, though it contains certain aspects of free labour, as is manifested by variations in payments as incentives. However, factors of poverty and stratification of the wage earning class inhibit freedom of movement.

Annual and Seasonal Farm Servants

The annual and seasonal labour contract is widespread all over Asia, although the terms "year" and "season" have different connotations in the different countries. The contract may become practically annual on farms where two crops are cultivated, and may eventually take a permanent form by constant renewal. The seasonal contract is determined by the kind of crop, thus, labour is employed for one crop or season. Wage payment follows the customary pattern of cash and kind observed in the locality, and is related to the type of crop.

The annual or seasonal farm servant is mainly employed in rice and gardens. For example, the Pannial system (in Madras),

¹ The Padigal, for example, is entitled during harvest season to as much wages as any casual labourer is paid; in addition, after the harvest and at threshing he gets a lump allowance, for all the work he has done in the season, usually 8 per cent. of the total grain yield. See K. C. RAMAKRISHNAN: "Systems of Wage Payment in Agriculture", *The Indian Journal of Agricultural Economics*, No. 1, Apr. 1948.

though it has some features in common with the Padigal, is distinctly contractual and less permanent. Here wages are fixed by the year or the month in terms of certain measures of paddy, or millet, depending on the important crop.

In certain parts of Asia, the farm servant receives a certain percentage of the total produce. In Burma, for example, agricultural labourers engaged on an annual basis would receive nearly seven months' board and lodging and 100 to 140 baskets of paddy, while in China labour engaged by the year is paid in both cash and kind. In accordance with the prevailing custom of the country or the district, the annual and the seasonal labourer is given certain allowances, such as bread, dress and footwear, and tobacco or tea, etc., as well as facilities for housing. While the payment of annual and seasonal workers retains certain features of the permanent farm servant type, the employment is contractual and definite and the labourer is often not a mere wage earner but also, to a certain extent, a partner in the business.

The Casual Labourer

In most lines of cultivation in Asia, a large amount of casual labour is required. In contrast to annual and seasonal labour, which is mainly confined to large and medium-size farms, casual labour is employed on all types of farms to a varying extent. Although the small agriculturist might depend almost entirely on family labour for the execution of his work, there may be certain periods when he may have to look for casual labour to carry out operations within the time-limit set by weather conditions. Casual labour constitutes an important sector of the farm wage earners in Asia, as well as an essential element in maintaining the level of production. Women and children form the biggest proportion of this type of labour.

The form of payment varies according to the locality. In some areas harvest wages are paid wholly in kind, in others some cash payment is made. Wages are paid by the day, and meals form part of wages. In other areas, again, and according to the type of work, the labourer is paid a share of the produce. In Ceylon, for example, workers in paddy cultivation who are employed for weeding and transplanting are given a certain proportion of the produce.

The period of employment of casual labour is usually short; it follows the season. Wages may be paid either on a time-rate

or piece-rate basis. Transplanting work is usually paid by the day, and harvesting is generally paid at piece-work rates.

Although casual labour is mostly unskilled, the general level of wages paid for it is higher than that of the resident and seasonal labour. It is the rise in the demand at certain seasons of the year which causes this movement in the wage level.

RELATIVE IMPORTANCE OF FORMS OF PAYMENT

/ It is to be noted that in areas or districts where cereal crops predominate, and where the village economy still persists—as in the native cultivation areas of Indonesia, Indo-China, and Thailand—wages are largely paid in kind. Custom and tradition, on the basis of land tenure and type of cultivation, play the major role in fixing the rates and forms of payment. On the other hand, where payment is made partly in cash and partly in kind, the payments in kind give a certain amount of security to the worker and save the employer from money debts.

Wage payments are related to the forms of land tenure and the status of the cultivators. Tenants and share-croppers, though they differ legally from permanent or serf labour, also suffer from the land shortage of Asia. The former category pays constantly rising rents or shares to the landowner, while the latter accepts

TABLE XXIV. UNITED PROVINCES

Region	Year		
	1934	1939	1944
	%	%	%
Provincial	53.5	46.4	29.0
Plains	49.7	43.2	26.8
N.W. region	25.9	19.4	7.5
Central region	19.3	17.3	5.5
Eastern region	135.5	117.0	84.0
Bundelkhand	83.1	71.0	55.2
Hill tracts	80.2	73.9	11.8

Source : UNITED PROVINCES : *The Quinquennial Rural Wages Census Report, 1944*, p. 33.

low rates of remuneration and a considerable amount of bondage. All remuneration seems to contain a high degree of payment in kind; in other words, it contains a share of the produce, whether

TABLE XXV. JAPAN :
TYPES OF WAGE PAYMENT FOR AGRICULTURAL LABOUR
IN 369 VILLAGES IN JULY 1948

Form of payment	Number of villages	Amount of cash payments (yen)		Quantity of rice (syo = 1.5 kg.)	
		Male	Female	Male	Female
A. Cash payment only.	87	217	196	—	—
B. Cash payment plus payment in kind	5	230	210	1.1	1.1
C. Payments in kind only	—	—	—	—	—
D. 1 meal plus cash payment	40	222	212	—	—
2 meals plus cash payment	85	208	187	—	—
3 meals plus cash payment	110	236	210	—	—
4 meals plus cash payment	24	275	261	—	—
E. 1 meal plus cash payment plus payment in kind	2	175	150	1.0	1.0
2 meals plus cash payment plus payment in kind	—	—	—	—	—
3 meals plus cash payment plus payment in kind	7	174	167	1.3	1.3
4 meals plus cash payment plus payment in kind	3	167	167	1.0	1.0
F. 3 meals plus payment in kind	6	—	—	2.2	2.1
Total	369				

Source : Japan : Ministry of Agriculture and Forestry.

fixed on a piece-work or time-work basis, or according to the amount of the produce of the land, which in turn depends largely on such questions as the fertility of the soil and the type of crop.

For the most part statistics as to the relative importance of payments in cash and in kind are lacking for most parts of Asia. However, table XXIV above shows the percentage of villages in the United Provinces (India) which pay wages in kind to unskilled labour as compared with those paying wages in cash.

The results of a rice-planting survey carried out in Japan in July 1948 are shown in table XXV.

Meals are not included as payment in kind. As in other Asian countries, there has been an increasing tendency in Japan in recent years to pay wages in cash.

THE PERIODICITY OF WAGE PAYMENTS

Payment of wages involves the question of the periodicity of such payments. In Asia, as in other underdeveloped regions of the world, wages of agricultural labour are paid at many different intervals and on the basis of the time worked or of the amount of work done; wages may be paid by the day, week, month, season or year, or by piece work or task as in harvesting; and, finally, shares or rewards (and very rarely bonuses) are also paid on the basis of performance. In the majority of cases, however, wages are paid at time rates.

Local customs and traditions are important factors in determining the periodicity of wage payments, and they have caused considerable variations in that periodicity.

However, the general practice of payment in kind and the poverty of the majority of the wage earners together with their complete dependence on their daily earnings has created a general tendency to payment at short intervals. Thus, even in the case of certain categories of permanent or annual and seasonal labourers, there are various kinds of payment of daily or weekly rations in order to assist the labourers and their families to meet their food requirements. These payments may be the total wage or part of it, according to the custom of the locality and the type of crop. The casual labourer, too, receives his food ration as part of his daily payment, and is usually paid off at the termination of the contract period. In areas where crops are grown on commercial lines, monthly payments are more usual, while in areas where labour is recruited for definite work, such as regulating water or

raising a crop on the basis of crop shares, the termination of the job marks the period of payment.

It should be remarked that the different practices observed in regard to the periodicity of wage payments for the various categories of hired labourers are not regulated by law.¹ However, custom in Asia has the force of law. It derives its force from the economic framework of the rural society, and the number of variations in practices relating to payment intervals shows adaptability to the various types of employment relationships as well as to the needs of the workers and the financial abilities of the employer. This does not mean, however, that existing practices are free from misuse or abuse, or that they are fully inadequate, but it does indicate that any future action with a view to introducing measures for the protection of the labourers should take into consideration the local custom.

THE WORKERS' RIGHT TO WAGES

In regions where native systems of economy are dominant, the relationship between employer and worker is primarily regulated by custom and tradition. This implies *a priori* the existence of social institutions rooted in the economic structure of the communities concerned.

The employer-worker relationship is not organised on business lines, in the Western sense, but rests more on a personal basis. This is understandable in view of the fact that agricultural production in native economy is not primarily carried on with the object of profit-making, but for subsistence. Employment conditions of hired labour must, therefore, fit into the framework provided by the economic factors involved in the process of production. Where the family operates as the basic unit in the national economy, all related factors of production are influenced by that fact. Certain aspects concerning the treatment of hired labour will, in consequence, follow the pattern set by the family relation and enforced by the head of the family. The more the unit of production increases, the more the hired labourer finds himself socially alienated from the basic group of the cultivator, while economically more attached to the process of production. The first type of rela-

¹ Principles of regulation will be gradually introduced under the new laws in India, Burma and Ceylon, and in the Philippines, under pre-war legislation, the employer was obliged to pay his workers in legal tender twice monthly. No employee could be compelled to purchase his commodities from his employer's store. See P. P. PILLAI, *op. cit.*, p. 211.

tionship is the result of production for subsistence, while the latter is more or less a feature of the development of production on commercial lines.

In Asia, where family farming is predominant, the contents of the labour contract are governed by the actual economic position of the family as well as by customs observed in the particular community. These, however, are facts known and accepted in practice by the two parties concerned, while the village or the surrounding community bear witness to them. This, together with the illiteracy of both employer and worker, partly explains the oral nature of the contract. Even debts are contracted and paid off between worker and employer without any resort to written evidence. Advances both in cash and in kind are usually made to hired labour, but the entire procedure with regard to settlement, whether by deduction from wages or by the performance of certain tasks, is again a matter of agreement between the parties concerned. Any violation of the agreement is usually dealt with under the ordinary civil law.

Again, the personal relation between the worker and his employer plays an important role in regard to the payment of the worker's wages. Payment is made direct, except in two cases: the wages of the members of the worker's family are generally paid to the head of that family or to the eldest male member of the group, and the wages of a gang of labourers are paid to a selected chief of the gang, who distributes them later.

As to the right of the worker to dispose of his wages, there are no legal provisions on the subject, and the worker is free to dispose of them as he pleases. This is equally true for workers in small or large farms. The whole wage economy is at such a low level of development that questions of attachment and seizure, etc., do not arise, and if any case should arise, the civil law is the only basis for its regulation. The truck system or company store is unusual, since the farms in Asia are generally too small to hire more than one labourer.

The general purpose of legal measures for the protection of wages is to guarantee the worker against practices and abuses which would tend to deprive him of his wages or of his freedom to spend them in his own interests. Development of these aspects of wage protection has been parallel to advancement in other sectors of the agricultural industry. The agricultural economy of the advanced countries has achieved wage systems protected by law. In Asia, on the contrary, because the agricultural economy has

not yet evolved a systematic development of wage systems, questions concerning the right of the worker to his wages remain the subject of custom and tradition.¹

New trends in employment of hired labour, especially on large holdings and plantation estates, the growth of industry and the gradual rise in commercial farming are among the basic factors which are contributing to the modification of farm wage systems. The process is slow, but there is reason to believe that any future action in regard to wage regulation may take into account the provision of legal measures designed to protect the wages of hired labour. In this way the development of the wage system will, no doubt, proceed more smoothly and will contribute to the development of agriculture in general.

¹ In Japan, however, wages are a prior lien up to 50 yen, and penalties are prescribed for late payment of wages.

CHAPTER VI

WAGE REGULATION

The object of wage regulation is to protect the worker. This protection may take the form of providing that wages are a first charge on the enterprise; it may include prohibition of payment of wages in other than legal tender or prohibition of other restrictions as to the place or the manner in which wages may be expended; or regulations may be made as to periodicity of payments, or may prevent deductions by way of discount or interest charges on wages advanced to the worker, and this may equally apply to debts contracted by a worker in shops or stores situated on the property of the employer.

Regulations may also provide for the payment of wages during rest days or even during illness. Provision may also be made for overtime payments.

The most important function of wage regulation is to ensure that the worker is paid a minimum wage which will guarantee subsistence, or that he is paid wages equivalent to the value in the market of the net product of the work done. The position has to be faced that many regions in Asia are unable to provide a wage in cash and in kind, including any concessions or supplements provided, that will enable the worker to maintain a reasonable standard of living, with the result that these regions suffer from an excessively high mortality rate and a short life-span. The problem facing the wage-fixing authority is to improve the conditions of paid employment effectively without prescribing conditions as to wage payment and wage levels that cannot be sustained because of the pressure of labour supply.

The extension of wage regulation in Asian countries, in colonial territories and in underdeveloped areas generally, suggests, however, that there is scope for wage regulation in the improvement of wage and employment conditions.

One of the most recent laws in this connection is the Agricultural Labourers' Minimum Wages Act, 1948 (Act No. XLIV of 1948), adopted by the Burmese Government. This Act pre-

cribes that a Kyiwin labourer, engaged for the period beginning from the day on which the cultivation of a crop starts until it is harvested and stored in the granary, shall receive not less than 35 per cent. of the produce of the land he works, and that the employer shall also be obliged to feed him during the period of employment. The wages of other seasonal labourers on piece or daily rates shall be fixed at suitable rates in comparison with Kyiwin labourers, provided that the rates may be varied to encourage the increased employment of seasonal Pindaing labour engaged for the whole year.

Wages will be paid in kind, but if payment in cash is preferred the cash equivalent will be fixed either by the Government or with reference to the price prevailing on the day of payment in the locality where the agricultural labourer has been working.

An agricultural labourer may apply for an advance of wages, provided that the total amount of such on advance shall not exceed one half of the wages due to him. If the seasonal labourer or labourer working for piece-rate wages falls ill, half the expenses incurred for employing a substitute will be borne by him, and half by the employer. However, to quote the Act,

Where the period of absence from work of a seasonal agricultural labourer due to illness exceeds one eighth of the period for which he is engaged, or where the amount of work an agricultural labourer on piece wages fails to perform due to illness exceeds one eighth of the work which he is engaged to do, the seasonal agricultural labourer or the agricultural labourer on piece wages shall receive wages in proportion to the number of days on which he has worked or in the proportion to the amount of work which he has done.

Agricultural labourers have the right to form and join organisations for the purpose of improving their living conditions or of obtaining higher wages.

The law stipulates that no seasonal agricultural labourer shall be asked to work any area in excess of what can be served by one yoke of oxen, nor shall he have any duty beyond that of tending and feeding a pair of ploughing oxen when no ploughing is being done.

The President is empowered to constitute tribunals for settling disputes.

This legislation is enacted against a background of land nationalisation, redistribution of land in favour of the small working peasant farmer, and control over indebtedness.¹ It represents

¹ Debts have been scaled down and interest charges limited to 6.25 per cent.

the complementary endeavour to assist the wage earner in this new deal for the worker on the land.

Another important Act concerning wage regulation has recently been adopted in India. The Indian Minimum Wage Fixing Act ¹ represents part of a general programme designed to foster agricultural production and raise the working conditions of persons engaged in agriculture.

This Act applies to both agricultural and plantation workers. It prescribes that the appropriate Government—that is to say, the central or provincial Government as the case may be—shall fix minimum rates for agricultural employees within three years, and that the rates must be reviewed every five years. The Government may, by a notice in the official Gazette, periodically fix minimum rates of wages on a time or piece basis, and may also prescribe overtime rates of pay. Piece workers may be guaranteed a minimum payment on a time-rate basis. The minimum rates may vary according to the type of employment, the class of work performed, the age of the worker, his skill, and the locality in which the work is performed. The minimum rates may be set by the hour, by the day, or by a longer period, but in cases where a worker works less than one working day he shall receive a minimum payment for the day. The wage may consist of “the basic rate of wages with or without the cost-of-living allowance, and the cash value of the concessions in respect of supplies of essential commodities at concession rates, where so authorised”.

Advisory committees and subcommittees and advisory boards to co-ordinate the work of the committees and subcommittees shall be appointed. They shall comprise equal numbers of representatives of employers and employees in occupations covered by the Act and independent members not exceeding one third of the total membership. Because wages, or a proportion thereof, are often paid in kind—and this indeed is a feature of an undeveloped rural economy—they may according to custom be paid wholly or partly in kind or at concession rates, but the minimum wages payable under the Act shall be set in cash, and the value of wages in kind and of concessions shall be estimated. The appropriate Government may fix daily hours of work and weekly rest periods and provide for minimum overtime payments accordingly.

¹ Legislation regarding minimum wages along these lines has been endorsed in Travancore by the Travancore Minimum Wages Act (Act 4 of 1124, *i.e.*, 1948).

Employers are required to maintain registers and records of employees' wages, and every employer is required to exhibit in the place of work a notice containing the prescribed particulars as regards legal minimum wages.

In cases where compulsory labour is requisitioned for the protection of river or drainage embankments, provision is made under the Orissa Compulsory Labour Act, 1948, to pay such labour at rates approved by the Public Works Department, and at double such approved rates for any labour performed during the night. This Act requires able-bodied persons of both sexes in the labouring classes, and healthy male adults in the case of other classes, to perform repair work when required to do so by the officer in charge of the embankment. Powers are also given for the requisition from the inhabitants of the necessary materials for repairs. The maintenance costs are to be recovered from the persons who benefit from such maintenance, or from the local authority or private person who is required to maintain the embankment in a state of repair.

The Labour Code in the Federated Malay States (1923) makes wages a first charge on estate enterprises and provides that wages shall be paid in legal tender. No estate employer may impose, in any agreement or contract for the employment of estate labour, any terms as to the place at which, or the manner in which, or the person with whom any wages are to be spent.

In Japan, wages were controlled during the war in the interests of price and income stabilisation, but now it is only workers employed on land reclamation and similar projects whose wages are determined by the Government.

The French Indo-China Native Labour Order of 1927 prescribes that wages shall be paid at least once a month and in French Indo-Chinese currency. The employer is required to take measures to see that wages are duly paid. Debts contracted by a worker in a shop or store situated on the property of an employer may not be paid by deductions from the worker's wages.

The Conditions of Employment Decree of 1947 provides that the minimum wage of a worker shall be assessed in kind on the basis of the minimum necessary to ensure his subsistence, together with the addition of a percentage as remuneration for work done. The minimum wage, valued in legal tender, will be periodically revised in accordance with fluctuations in the cost of living. Revision is obligatory when the cost of living rises more than 10 per cent. since the previous valuation.

In Ceylon, the Ceylon-India Labour Ordinance of 1927¹ sets up estate wages boards of five members to fix minimum rates of pay for work performed on the estates within its jurisdiction. Each board includes two members representing the workers, two members representing the employers, and a chairman. Every employer is required to exhibit in some conspicuous place a notice in Tamil, the workers' native tongue, setting out the minimum rates; the Controller of Labour is empowered to inspect at any time the records of engagement, registration, payment and discharge of workers, and the employer is required to keep these records in proper condition. Minimum time rates apply to work done for piece rates. Overtime is payable for hours of work exceeding nine hours a day, and overtime rates should not be less than one eighth above the normal wage rates.

In the Philippines there is no law fixing minimum wages for labourers employed in private undertakings. However, the Commonwealth Act No. 103 creating the Court of Industrial Relations authorises the said Court, when so directed by the President of the Philippines, to investigate all facts relating to an industry or industries in any locality with a view to determining the necessity and fairness of fixing a minimum wage, or share of labourers or tenants, or the minimum *canon* or rental payable to landowners. When industrial disputes are brought to the Court for decision, it may fix the rates of salaries and wages that should be paid.

The difficulty which all these laws must meet with in practice is the effect of wage regulation on levels of employment. If wage regulation is to be effective, it must either improve wage levels and working conditions, which will increase costs to the employer, or it must prevent a deterioration in wages that would otherwise have taken place. The increased costs to the employer can be met by a better distribution of resources and higher levels of productivity—a result which is all the more likely where wage earners have been undernourished and badly and insanitarily housed. These effects would necessarily have to be associated with increased production of food and building materials and improved occupational opportunities. But wages might also be improved by a redistribution of the national income in favour of the agricultural wage earner, either by means of higher food prices or by subsidies and assistance payments financed by taxation, or perhaps by infla-

¹ See also the Wages Boards Ordinance, 1941.

tionary methods. Some of the less efficient workers might tend, even so, to be thrown out of employment by the equivalent of a rise in their wages. This tendency would not be altogether desirable in a world of food shortages.

In these circumstances, such workers might be given a special course of training and rehabilitation, or special provisions might be inserted in the wage regulations providing for sub-standard and incapacitated workers, who would have to receive public assistance to enable them to enjoy the minimum standards regarded as justifiable in their own society.

It must be stressed, finally, that wage regulation cannot be isolated from a general economic programme and that it may require related adjustments throughout the economy. Land reform, training programmes, labour service organisation, improved credit facilities, co-operative farming, public works in respect of villages and communications may be necessary accompaniments to the achievement of a desired level of minimum wages.

CHAPTER VII

RAISING THE LEVEL OF REMUNERATION IN AGRICULTURE

The salient features of the Asian rural economy have been briefly reviewed in the preceding chapters. Overpopulation, low productivity, low capital investment and backward production techniques are among the factors contributing to the low level of remuneration in agriculture. Any attempt at raising this level should in the first place include measures to promote conditions that will make agriculture a more secure and remunerative occupation. Failing this, the incomes of primary producers and the wages of hired labour are bound to remain at low levels—and may even decline.

It has been noted that, under existing economic and technical conditions, agricultural production in Asia is carried on mainly for subsistence purposes. The growing population has to be provided for mainly from the land already under cultivation and to be employed on substantially the same available land area—with a consequent tendency to undernourishment, unemployment and underemployment. The food produced and the employment opportunities offered have to be shared by a continually growing population in the face of diminishing returns for labour. Asia is predominantly a rice economy region—because rice produces the greatest food value per acre.

The first preoccupation in these countries is to raise the level of food production to meet the ever-growing demands of a continually increasing population. But the limited land area in relation to population is causing high population pressure on land resources, because of the low volume of capital *per capita* and the type and quality of available capital. It is essential that steps should be taken to intensify production on land already cultivated, and to extend—wherever possible—the land area under cultivation (through land development and reclamation, and the opening of new areas), to provide capital from within and without the economy (saving, borrowing), to improve cultivation techniques

(education) and to introduce and intensify co-operative and collective methods.

Any agrarian policy in Asia should be based on a planned change in the man-land ratio, with a view to retaining on the land an optimum number of persons. From an economic point of view, the optimum population for any country is that which, given existing resources and the techniques available for their use, permits the highest possible average standard of living. Experience of advanced countries has shown that a rise in *per capita* income has coincided with a decline in the proportion of those engaged in agricultural production and an increase in the proportion of those engaged in secondary and tertiary occupations. Standards of living do not depend only on the resources of the country and its population, but also on the proportions in which the resources are allocated to different types of production, and the type of instruments of production used. But a reduction in the proportion of the occupied population engaged in agriculture is in fact an expression of increasing agricultural efficiency.

In view of the above observations, a policy designed to raise the level of remuneration in agriculture should take into consideration the following points: (a) excess agricultural population; (b) low agricultural productivity; (c) maldistribution of agricultural incomes.

EXCESS AGRICULTURAL POPULATION

The problem of the excess agricultural population is a difficult one, and indeed the concept of an excess population is often not clearly defined. There are at least two ways in which such an excess rural population may be said to exist. The population may be considered to be excessive when employment in agriculture could be reduced without affecting farm production. An excess of this type would appear to exist in at least some Asian countries. Another definition of an excess would limit its application to a condition where a decrease in agricultural population and a shift to other occupations would raise living standards. In view of the limited opportunities for employment in secondary and tertiary industries, and the present need for increased food production in Asia, a mass movement from agriculture to the better-paid forms of industry is extremely difficult as a short-term policy, for an extension of employment opportunities in these other fields awaits capital development and the provision

of extended training facilities. The attention of Governments might therefore be directed at this time to increasing agricultural production as a first priority.

If there were any possibility of extensive emigration from Asia, the position might be somewhat different. In this case agricultural production might be improved by reduction in the number of agricultural workers within Asia, if this emigration lessened the pressure on natural resources and made available supplies of cheaper food through imports from the countries to which the labour migrated.

In view of the present situation, however, a reduction in the pressure on land resources must depend on an extension of land settlement within the Asian countries, which will usually involve considerable expenditure on land improvement and on capital equipment. The possibility of further land development and land settlement in Asia should be investigated. Several Governments have made plans in this direction which are referred to in the following section of this chapter.

The possibility of expanded rural industry, in so far as capital formation permits, should be contemplated as a somewhat longer term policy. In the meantime, however, encouragement of rural handicrafts and possibly greater diversity of agricultural production could assist in providing fuller employment for the rural population.

LOW AGRICULTURAL PRODUCTIVITY

At the present time so much labour effort is required to produce in Asia what, judged by more advanced standards, is a small volume of agricultural production per unit of area, that living standards are inevitably very low. This low yield, in face of the increasing number of people to be provided for from a given area, makes capital accumulation slow, arduous, and often impossible. Indeed, on the contrary, the burden of rural indebtedness in Asia is one of the major causes of distress.

One of the main problems facing Asian countries is therefore to increase yield without a disproportionate increase in cost of production. The problems of equipment and of techniques involved in such an increase should be investigated. This will involve both research and extension work and, as a basis, an improvement in rural education as envisaged in the social policy of India, China and Japan.

Every possible incentive should be extended to the agricultural labour force to improve its efficiency and to increase its productivity, and the form of income distribution in agriculture will have a very great bearing on the success or failure in achieving these ends.¹

MALDISTRIBUTION OF AGRICULTURAL INCOMES

The ineffective use of land in smallholdings, the rack renting and the insecurity of tenure, all characteristics of land use in Asia, have resulted in the incomes of the peasant or share-cropper being lower than might otherwise have been possible. This in turn affects adversely the level of agricultural wages. Consequently Governments have turned their attention increasingly to land reform, which is particularly important in Asia, seeing that the distribution of resources is relatively unaffected by the operation of the price mechanism, and that the economy of many Asian countries is on the whole geared to rice production.²

In view of this, much attention has been paid to the question of land rents. If the type and level of agricultural production remain to a large extent insensitive to changes in prices and land values, or, even more, if a rise in land values, instead of increasing the productivity of the land, leads to further atomisation of holdings and to an increase both in the indebtedness of the peasant and in absentee landlordism, then much of the justification—from an economic point of view—for permitting a free or speculative market in land disappears.

Workers living precariously on a small plot of land, subject to rack renting, have often been forced to contract debts at high rates of interest, and in the absence of efficient marketing facilities the worker or small tenant often has to sell his produce at distress prices; furthermore, when wages are paid in kind, the labourer (especially if he is a migrant) may have to sell on a buyer's market. Thus, improvement in marketing facilities and transport services would help to increase the wage labourer's chances of improving his economic position, especially in so far as such an improvement

¹ In Japan incentives to farmers and workers have also been extended by the provision of incentive goods to those who pass targets of agricultural production. See below, p. 84.

² Subsistence farming is a household economy, and to that extent is unaffected by the price considerations of the social economy, and the level of real wages is relatively invariable in the sense that it tends to be near the subsistence level.

makes possible the operation of a money economy and, in turn, the accumulation of savings in cash.

Indebtedness and rack renting deprive agriculture of potential capital funds and support an unproductive section of the community living on the proceeds of agricultural industry. Government recognition of these features of the rural economy in Asia has led to programmes of land reform, to the provision of improved credit facilities, and to control over rents, interest and money-lending activities; the present high rates of interest may often lead to conspicuous waste in the expenditure of money-lenders rather than to the formation of productive capital.

In some countries, the reform of the land tenure system has been considered as a means of promoting the co-operative use of capital equipment and land, or of introducing outright collective farming. This movement has made some headway in Asia. The possibility of improving economic security and living conditions by means of the co-operative use of land and equipment should certainly be given full consideration.

Possibilities of improvement in regard to wage remuneration have been shown to depend on the level of farm earnings in general. Measures to improve these earnings, either by reducing market fluctuations in prices or by improved output, are therefore an integral part of any campaign for improved wage remuneration in agriculture.

It might also be advisable, in the absence of an absolutely stable currency, to encourage payment of wages in cash by relating them, possibly by a "dearness" allowance or bonus, to changes in the cost of living. Payment of wages in cash also depends upon the provision of a range of goods and services upon which to exercise choice, and upon banking facilities for the deposit and withdrawal of cash. The problem of cash wages is therefore tied up with the extension of transport and commercial facilities. When wages are paid in cash, it is important to protect the wage earner against price fluctuations by price stabilisation, or by wage regulation, as envisaged in one or more of the economic programmes of Asian countries outlined below.

AGRICULTURAL DEVELOPMENT PLANS

Agriculture provides employment for the bulk of the population and also provides a reserve of manpower for any proposed economic plan of industrial development. Agricultural prices

determine the cost of living and the general level of prices in Asia. The growth of population in relation to that of agricultural production decides the trend of these prices, while the trend in agricultural production also sets limits to the general standard of living and to the scope for industrial development of other types. In reverse, the availability of farm requirements sets limits to agricultural production and to the incentives extended to agricultural workers to reach high levels of productivity. From all these points of view it is quite essential that plans of general economic development should be firmly based on agriculture. Some of the decisions taken and plans made for certain countries are described below.

Japan

The Japanese Government has prepared an ambitious 15-year plan for the reclamation of 1,650,000 hectares of land, but only 10 per cent. of this is considered to be reclaimable as irrigated rice land. The other 90 per cent. will be permanent non-irrigated fields, and in fact, some of the land is hardly suitable for reclamation at all.

To stimulate farm production, a parity price system for farm products has been established at 140 per cent. of the 1930-1934 average relation between industrial products purchased for farm use and farm prices for that period. Short-term credits for fertiliser, agricultural equipment and seeds are financed through the Government Central Agricultural and Forestry Bank (*Noren Chuo Kinko*) with branches in each prefecture, which extends credits at low rates of interest to farming, forestry and fishing credit co-operatives. Long-term credits are also made available through land bonds issued by this bank and purchased by the Government Reconstruction Finance Bank. Up to the end of March 1949, bonds to the value of 2,090,000 yen had been purchased. Fertiliser, which is vital to the maintenance of the high yields in Japanese agriculture, is subsidised so as to keep the price low for farm users.

Cash bonuses have been granted for deliveries of rice in excess of quotas, and incentive goods have also been made available at low official prices for persons who pass their targets. Particular emphasis has been placed on nitrogenous fertilisers as being essential to the land if pre-war levels of production are to be regained. Salt, imported canned fruit juices or jams, clothing, bicycle tyres,

rubber shoes and spun silk also figure in the list of incentive goods.

With the object of reducing tenancy, an Act of 11 October 1946 limited rent on paddy land to 25 per cent. of the crop value, and on hill land to 15 per cent. Written leases are obligatory. These must specify the amount of farm rent, the terms of payment and the duration of the lease and must include provisions as regards expenses in relation to permanent improvements.

This Act was supplementary to a comprehensive land reform initiated in 1945 under which non-operating landowners could be required to sell land in excess of 12.58 acres to tenant farmers or to agricultural associations for resale to tenant farmers in consolidated economic units. Annual payment instalments, the limit for total payment being 30 years, plus taxes and "other commercial obligations", were not to exceed one third of the value of the crop from the land. The average price for irrigated rice land was fixed at 7,500 yen per cho-bu ¹, and for uplands at 4,650 yen per cho-bu. It was expected that five million acres, or one third of the farmlands of the country, would be involved. By July 1948, 80 per cent. of this area had been purchased from landlords. As a result of this land reform, 87 per cent. of the farm area is now operated by owner-cultivators. ²

Difficulties of administration and difficulties experienced in the appointment of the key organs in the administration, the local land commissions, at first delayed the application of this Act, and there was a movement in favour of land nationalisation and collective farming. The contention was that "the Government should purchase all rented fields from landowners, and that tenants should conclude a collective tenancy contract with the Government on those lands which are to be placed under the collective control of the farmers themselves". ³

Land reclamation was also used to increase the number of farm owner operators.

Mechanisation has made some progress, but has been limited by the abundance of cheap labour.

In the field of education, the complete programme envisaged, which included six years in a primary school, three years in a middle school, three years in a high school and possibly four years in college, has been on the whole satisfactorily achieved in respect

¹ 1 cho-bu = 2.45 acres.

² *Nippon Times*, 24 Nov. 1948.

³ Shinrokuro YAMAGUCHI: *Some Aspects of Agrarian Reform in Japan* (Tokyo, Japan Institute of Pacific Studies, 1948), p. 32.

of the first nine years. Agricultural experimental stations have done useful work in raising yields, and extension programmes have been put into operation in those prefectures where experimental stations and extension farms operate.

The trend towards rural industrial and handicraft development is being encouraged. In 1937, 75 per cent. of the farmers worked only on farms, 25 per cent. following other occupations in addition, such as rural industries. In 1938, 54 per cent. of the farmers had supplementary jobs; in 1941, 58.1 per cent.; in 1942, 61.5 per cent.; and in 1943, 65.1 per cent. There are throughout the country 50,000 factories employing more than five workers in the farm villages, and this number is increasing constantly, according to a recent estimate. The Government is training village technicians for rural industries in 68 model factories. Short courses in agricultural industries have been instituted, and farmers are given free training. Both boys and girls who have finished their six years' primary course are recruited for industrial education. The main objects in encouraging industrial centres in the rural areas are to absorb surplus village labour, to avoid the congestion of unnecessary industries in the cities, to utilise raw materials on the spot and to raise the income level of farmers by providing them with supplementary occupations for their leisure months.

The Government has recently (June 1948) evolved a plan of rural reconstruction, and has laid down that :

(1) The centres of the industries listed in the plan should be located in agrarian areas, seaside villages, mountainside areas and the green valleys where raw materials are available.

(2) The capital for such enterprises must be raised co-operatively from the villagers alone.

(3) The labour as far as possible must be recruited from the vicinity, though exceptions may be made in certain cases.

(4) Raw materials should in general be locally available.

(5) There is no limit on the scale of an industry provided the manufactured articles are in demand in Japan or abroad.

(6) The manufactured goods must be of a high level and different varieties should be encouraged to cater for different tastes.

(7) The village industries' society¹ will have full authority to supervise the rural industries.

(8) The society will help in raising capital, in organising industries, introducing new techniques, supplying raw materials and disposing of manufactured goods.

¹ The village industries' societies are the organs which supervise rural industries.

(9) The society will maintain strict watch on the quality and quantity of manufactured articles and on the fixing of sale prices for local markets.

(10) The society must have close contacts with the agrarian, marine or forest societies in the area.

(11) Capital aid will be provided by the Central Agrarian Bank, when the village industries' societies submit a plan, after a thorough survey of the industrial plan and the necessary statistics.

India

The main preoccupation of agricultural policy in India is related to the "Grow more food" campaign. The Government has adopted a five-year agricultural plan involving the production of four million tons of additional food by 1952 and the attainment of self-sufficiency in food by the end of 1951. The plan includes irrigation, land reclamation, improvements in seed and in the distribution of seed, and the increased use of manures and fertilisers.

First and foremost, there is land reclamation. Of the 65 million acres of "cultivable waste" it has been estimated that some six million may be brought under the plough over a period of years. A part of these—about 2,200,000 acres—is Government-owned scrub jungle, needing special clearance, and the other part—about 3,800,000 acres—is mostly private lands, "weed-infested" and requiring deep ploughing. The reclamation of these six million acres will, it has been estimated, take a number of years, from 10 to 15 years. A beginning was made in 1947, and the Central Tractor Organisation has reclaimed so far 32,306 acres in the U.P. and the C.P. Another 100,000 acres are now being reclaimed in these provinces, while a programme of reclaiming 65,000 acres partly in the Matsya Union and partly in the East Punjab is scheduled to be completed by June 1949. This would make a total of about 200,000 acres newly claimed for the plough over a period of two years, a performance for which the Agriculture Ministry ... must be given credit.

How much more land should be reclaimed during the present three-year plan is a question which has to be settled obviously on the basis of resources of agricultural machinery and technical personnel which are available at present, or can be secured during the period of the plan. The Food Ministry intends to reclaim 800,000 acres by the end of 1951. It is not clear whether this target includes land already reclaimed. Even if it does not do so, it would still be a modest target.¹

Problems to be solved in connection with this agricultural plan will revolve round the provision of adequate numbers of tractors and machinery, and trained personnel.

¹ *The Eastern Economist*, Vol. XII, No. 12, 25 Mar. 1949, p. 483.

In addition to the land reclamation which it is hoped to carry out, a plan has been drawn up for the construction of some 4,500 deep wells in the provinces of East Punjab, United Provinces and Bihar over the three years 1950, 1951 and 1952. The Government intends to pay special attention to the supply of manure and intends to secure from outside special quantities of fertiliser ¹, for use in irrigated areas, and steps are being taken to promote village and urban compost production.

The diversion of 10 per cent. of the area under sugar cane to food crops proper, and the organisation of a service to facilitate the supply of agricultural requisites, are measures suggested as supplementary to irrigation which will assist provinces and States to achieve their food targets.

An experiment in mechanised farming on a village co-operative basis is at present under way in the Matsya Union, and cultivation of the land is being carried out with tractors.

Complementary to the technical aspects of agrarian development and to the necessity for training and extension work which this development implies, is a programme of social and economic reconstruction. In its land aspects, it involves legislation passed by the several provinces to prevent the fragmentation of agricultural holdings, to discourage sub-letting of land, to provide security of tenure and to abolish or improve the management of land under the zamindari system. For example, the Madras Estate Act of 1947 envisages the abolition of the zamindari and of the rights in regard to land acquisition and disposal now exercised by intermediaries.

Most of the provincial Governments favour such a policy, and the introduction of direct management under the Government after the acquisition of such interests. ²

¹ The food plan envisages the supply of 1,523,000 tons of sulphate of ammonia over the four years beginning 1948-1949.

The estimated costs of the plan are as follows:

	Costs in India (crores of rupees)	Sterling needed	Dollars needed	Total (crores of rupees)
Land reclamation . . .	82.76	21.97	31.62	136.35
Tube well sinking . . .	33.95	11.92	23.08	68.95
Supply of fertiliser . . .	25.89	30.46	15.22	71.57
Fishing stations	3.45	0.58	1.16	5.19
Total . . .	146.05	64.93	71.08	282.06

Source : "Raising Food Production", *Commerce*, Vol. LXXVII, No. 1984, 22 Jan. 1949, p. 126.

² GOVERNMENT OF INDIA, MINISTRY OF FOOD: *Report Showing Action Taken by Central and Provincial Governments on the Recommendations Made by the Famine Enquiry Commission in their Final Report* (Calcutta, 1948), p. 54.

Provision has been made by Bombay in the Tenancy Act, 1929, which was amended from time to time to meet the requirements of Government's declared policy of agrarian reform. The Act, as now amended, secures fixity of tenure, affords protection against rack renting to the tenant, and thus gives him an incentive to improve the land and thus obtain a better crop from it. The Act also creates a new class (of) privileged tenants to be called "protected tenants" who are eligible for special benefits, including the right of permanent tenancy. Other provisions, such as declaring the exaction of all cesses, rates, taxes, etc., which do not form part of the rent and service of any kind from tenants as unlawful, fixing the maximum rates to be paid by the tenants, eviction of tenants made impossible, etc., will go a long way towards efficient cultivation to secure the best returns.¹

The impoverishment of the working farmer owing to indebtedness is a serious feature of the rural economy. A twofold attack on this problem would involve control of agricultural prices and guaranteed minimum prices, and control of rural credit. Interest restriction and licensing of money-lenders are two of the methods that have been adopted. Co-operative banks have also been promoted to finance individual agriculturists on the security of landed property.

More specifically in the employment market the encouragement of rural handicraft industries is an attempt to reduce rural unemployment by encouraging hand-loom weaving and other cottage industries. Co-operative societies arrange the supply

¹ *Ibid.*, p. 55.

Sir Shri RAM, writing in *The Eastern Economist* of 21 Jan. 1949, Vol. XII, No. 3, under the heading "Inflation and the Land", suggests that the stationary agricultural production in face of increasing population has been the main cause of inflation in India from 1939 to 1948. The wholesale price index increased by nearly four times, but land taxes have not risen. Farmers have not been induced to subscribe to Government loans. The farmer "does not even know how to spend on himself, as for long years he has been living from hand to mouth. The things on which he knows how to spend are the purchase of land, building houses, and marriages and deaths. So far as building of houses is concerned, everybody knows that building materials are not available. Marriages and deaths do not take place every day; so the only thing on which he can spend money is the purchase of land." He then advocates that farmers should be encouraged to purchase their land with their idle savings. The price should not be calculated on the land rent paid to the zamindari, but on the revenue the landlord pays to the Government. The zamindari should be obliged to invest 80 per cent. or even 100 per cent. of the money received in Government securities. He thinks that farmers owning their own land would be encouraged to improve the land by building wells and boundaries and by introducing a better rotation of crops. Moreover, they would have every incentive to increase production if they had to seek loan assistance to pay for the land. The proposal might provide funds for the improvement of agriculture without inflationary effects if the proceeds of Government securities subscribed to by the zamindaris were used to develop land, extend irrigation, and provide marketing and credit facilities for agriculture. Shortages of seed, fertiliser, stock and machinery, however, would still remain to be overcome. The effect of any reduction in land values would have to be closely watched.

of raw materials and sell the processed goods. Training demonstration centres and itinerant industrial schools have been established. In Bombay, carders are to be given 4 annas a day during training, and weavers a subsidy of 3 annas per yard of handspun material woven by them. In Orissa, co-operative societies have been established for bee-keeping, oilpressing, tailoring, tanning and shoe-making, and ladies' handicrafts, in addition to weaving. Multi-purpose co-operatives are envisaged as a part of village life. Other development programmes include hydro-electric power schemes, and the strengthening of village administration, in order that local public works, including education facilities, may be undertaken, by means of grants and taxes. Colonisation of waste lands, and provision for the taking-over of waste land by the State, are also included.

It is interesting to see how, by means of co-operative enterprise, land reform and wage-fixing machinery, the Government of India is aiming to protect and assist the small peasant farmer, the petty tenant who suffers under insecurity of tenure, and who has to work for wages to keep himself and his family alive, and the landless casual labourer who is often in debt and consequently obliged to work at concession rates, who lives under conditions of great poverty, disease and misery, and who is often a social outcast. The volume of hired agricultural workers, which is said to be as much as 70 million persons, emphasises the importance of this work of assistance.¹

Burma

Land nationalisation legislation was enacted in Burma during 1948. The background to this legislation was the fact that one third of the land was held by non-agriculturists, mostly absentees.

In many respects, the Burmese agrarian problem bears similarities to the Indian. Agricultural indebtedness and tenancy rents are extremely high, there is also the insecurity of tenure and landlessness of the agriculturist. A recent survey showed that peasant indebtedness totalled 52 to 60 crores of rupees, that the rent payable worked out to as much as one third of the gross produce of the land, and 40 per cent. of the agriculturists did not hold the same plot of land for more than one year.²

This position results from economic processes which have caught the small proprietor in their grasp.

¹ *Janata*, Vol. IV, No. 3, 6 Feb. 1949, p. 12, "The Landless Proletariat".

² *Ibid.*, p. 9, "Land Nationalisation in Burma".

The opening up of lands in Lower Burma coincided with the opening of the Suez Canal, and the price of rice rose to nearly twice the rates prevailing before, on account of wider markets. The value of land also rose accordingly. This attracted money-lenders, both indigenous and foreign, to offer tempting terms to agriculturists to borrow ... for clearing new land and for cultivation. ... The interest in kind fetched high prices. ... When prices came down in 1927, the land passed into the hands of money-lenders.¹

The position is elaborated as follows :

The outstanding example of thrift among the Burmese cultivators appears in Lower Burma where the debt is most severe and the people are often regarded as conspicuously thriftless. Practically the whole of the ten million acres now under rice has been reclaimed by men who started life as field labourers, and saved enough money to buy some land. Out of his wages, the cultivator saved up money to obtain (freehold) land, and then, within two or three years, he lost the land, his cattle and his savings. These facts refute the easy explanation that the burden of debt is due to thriftlessness or any excess tendency to extravagance and speculation; it has come about solely through the working of economic forces restrained by the rule of law ... and was the outcome of a process over which the people could exercise no control. Thus, "the epic of bravery and endurance" relating to "the greatest achievement in the history of Burma", the reclamation by Burmese enterprise of ten million acres of swamp and jungle, ends with a picture of imposing Government offices and business houses in Rangoon, and gilded chettyai temples in Tanjore, while in the rice districts, the source of almost all this wealth, nearly half of the land is owned by foreigners, and a landless people can show little for their labour but their debts, and, for about half the year, most of them are unable to find work or wages.²

Land policy is fundamental to the welfare of agricultural workers, especially in undeveloped areas. The provisions of the Land Nationalisation Act empower the Government to take over all land from holdings in excess of 50 acres, in the case of rice and sugar land, and from 10 to 25 acres in other cases, depending upon the type of land involved; but those left in possession must not sell, lease, mortgage, or leave land fallow. Compensation is payable for land resumed.

To prevent holdings being denuded of agricultural labour, an Agricultural Labourers' Minimum Wages Bill has been passed by Parliament and provision has been made also for the extension of co-operative enterprises. Every agriculturist who has been allotted land must become a member of a recognised co-operative, and must personally cultivate the land. Loans and sales of pro

¹ John COLLIER : "Native Land Tenure Systems", *News Letter of the Institute of Ethnic Affairs Incorporated*, Vol. IV, No. 1, Jan.-Feb. 1949, p. 9.

² *Ibid.*, J. S. FURNIVALL : "Colonial Policy and Practice."

duce will be effected by the co-operatives. In addition, rents have been restricted so that a tenant may enjoy 90 per cent. of the produce of the land in place of only 25 per cent. as formerly, and an Agricultural Debt Relief Act of 1947 cancelled all debts of agricultural labourers which were in excess of double the original debt.¹

The Government of Burma also aims at restoring over one million hectares of fallow land for rice cultivation by such measures as subsidies, centralised buying of rice to maintain rice prices at desired levels, and the provision of tractors to cultivate crops in the dry zone.²

China

Land reform in China has for a long time been one of the major objectives of policy. Although the development of the land reform policy has passed through several stages, it has always been central in recent agrarian developments. The object has been to break down feudalism and to take land from rich landowners for redistribution to poor and middle peasants, on the principle of land to the cultivator. Various Chinese Governments have based their land policy primarily on making land available to the landless peasant, controlling rent, reducing debt and interest, and providing technical and economic assistance to all categories of cultivators.

Land reform has been one part of an attack on rural unemployment and insufficiency of earnings. In addition, supplementary agricultural activities have been encouraged. As in other countries where land reform has taken place, and where large holdings have been broken up, it is planned to economise capital and marketing facilities through co-operative organisations which will acquire transport facilities and sell farm products and farm requirements.³ On the technical side, improved rural education and model farms are envisaged.

¹ *Burma Labour Gazette*, Vol. II, No. 2, Feb. 1949, p. 4.

² F.A.O.: *The State of Food and Agriculture, 1948* (Washington, D.C., 1948), p. 52.

³ At least three types of co-operative have developed. Type 1, called partial co-operative, involves only occupational co-ordination (such as joint use of ploughs and cattle), without affecting the ownership of the participants. In co-operative farms of the second type, land has been re-demarcated to suit the convenience of particular farms, and labour is pooled for irrigation and other essential projects. The third type of co-operative farm requires all its members to pool their manpower and property (including houses, cattle, and tools), which are counted as investments in the farm.

Under the new régime, in certain provinces of China land reform has passed through four stages. In the first ten years (1927-1937), the policy was based on the confiscation of land owned by the large landlords and its distribution to agricultural labourers, poor and middle peasants. During the Sino-Japanese war, 1937-1945, it was deemed necessary to stop this trend, and consequently rent and interest reduction became the major elements of the policy. From 1945 to 1947, land confiscation and distribution was resumed. Reduction of rent and interest was continued, with new rentals not exceeding 37.5 per cent. of the crop ¹, and all wartime payments of rent in excess of 37.5 per cent. were to be refunded to the peasant. In the period 1947-1948, a Basic Programme for Chinese Agrarian Law was promulgated, dated 10 October 1948. It reaffirmed the policy of "land to the tillers". Land deeds of the landlords and all previous instruments of rural indebtedness were cancelled. All the landlord's land and other property were to be equally distributed in proportion to the total population of the village and in accordance with the ability to till the land. Poor peasants with a family of one or two persons might be given land equivalent to that of two or three persons at the discretion of the village peasants' meeting. The various committees of the organised peasants were given wide powers as executive organs in carrying out this policy.

After redistribution of the land, title deeds were issued by the Government to the individual, who then has the right to free management, purchase and sale and may, under certain special conditions, rent to others. People's Courts were established to prosecute and punish violators.

The difference in degree of land reform in the various New Democratic regions is very marked. Information is not adequate on all the regions, but the available information on Manchuria may be cited as an example. On 8 August 1947, 6,290,000 landless peasants had received a total of 50,700,000 more (8,450,000 acres), averaging about 8 more ($1\frac{1}{3}$ acres) *per capita*.² In a report on

¹ Frank C. LEE: "Land Redistribution in Communist China", *Pacific Affairs*, Mar. 1948, p. 22. Rents paid varied from one location to another, but in general were very high. "In the years covered by Professor Buck's First Survey (published in 1930), the rent to be paid to the landlord varied from 25 to 66 per cent. of the crop, and the most common share-crop rent was approximately 50 per cent. of the crop." Cf. Preparatory Asian Regional Conference of the International Labour Organisation, New Delhi, 1947, Report IV: *The Economic Background of Social Policy, including Problems of Industrialisation* (New Delhi, I.L.O., 1947), p. 42.

² *Pacific Affairs*, Mar. 1948, p. 25.

agricultural production in North-East China for 1948, the North-East authorities estimated that land reform had been generally completed in 1948 in the "base areas", which comprised 70 per cent. of the total area of Manchuria.¹

Considerable emphasis was laid on the importance of the following methods in carrying out different degrees of land reform in the various areas in Manchuria.

(1) Assurance of the right of ownership and management to the new owners after redistribution of land has been made.

(2) Emphasis on voluntary effort by the peasants in promoting farm production. Forced imposition of new methods should be abandoned.

(3) Emphasis on equalisation of responsibilities in connection with taxation between rural and urban areas, etc.

(4) Improved organisation of workers in the rural areas and encouragement of organisation of the peasants.²

It has also been reported that in Kwantung the following measures have been announced :

(1) Rentals should not exceed 37.5 per cent. of the crop. After such reduction rent must be paid fully and in time.

(2) Interest for loans should not exceed 30 per cent. per annum. In cases of indebtedness where the interest paid has already exceeded the principal, payments of interest should cease. Payments of both interest and principal should stop if the interest already paid amounts to twice the amount of the principal. However, no refunds of excessive interest previously paid are permitted in principle.

(3) In contributing to the "public granary", a form of tax in kind, the basic contribution is calculated on the basis of 3 per cent. of the crop, but with actual contributions graded progressively according to ability to contribute. Poor peasants may be exempted, while families of the Army's fatal casualties may have 80 per cent. exemption.³

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The programmes carried out in China, India, Burma and Japan have their counterparts in other countries of Asia. Emphasis

¹ *Masses Weekly*, 6 Jan. 1949, pp. 10-15.

² *Ibid.*, p. 11.

³ *Ibid.*, 3 Feb. 1949, p. 25, "Economic Conditions in Kwantung"; see also 24 Mar. 1949, p. 24, "Reduction of Rent and Interest in Ping Yan"; and 21 Apr. 1949, p. 22, "Experience of Reduction of Rent and Interest".

on increased food production and agricultural development plans are operative in the Philippines and Thailand. The Thai Government plans to assist farming by the distribution of agricultural requisites and consumer goods, by the repair of damaged irrigation works, by the procurement of overseas supplies of agricultural machinery and tools, and by the development of co-operatives. In Northern Korea, land previously held by Japanese has been confiscated and freely distributed to peasant farmers, on the understanding that the land cannot be sold, transferred or mortgaged. In Southern Korea, land previously held by Japanese has been taken over and is being sold to Koreans, who pay in instalments in kind.

CHAPTER VIII

CONCLUSIONS

AGRICULTURAL EARNINGS

In the preceding chapters of this report an attempt has been made to provide the Conference with certain basic elements which should be considered in a survey of agricultural wages and incomes directed towards wage regulation and the introduction of measures to increase the incomes of primary producers.

In the treatment of the subject, relevant general trends in the Asian economy have been discussed without, however, entering into a detailed analysis of features particular to each country, and attention has been drawn to the close relation between the social-economic structure and the level of remuneration of those who take part in agricultural production.

The conclusion to be drawn is that, considering the present level of cultural and technical development in Asia, it is both unavoidable and necessary that the question of wages of hired labour and that of earnings of primary producers should be treated together and as one problem. While all the countries of Asia possess a class of agricultural wage earners, in the sense that this class mainly draws its income from work for wages, the term "wage earner" is extremely elastic, particularly when certain periods of the year are considered. The level of the labourer's earnings and the quantum of his employment are determined by the productive capacity of the holding on which he works, whether as an independent, semi-independent or hired worker. It follows that the nature and conditions of agricultural production are the governing factors for all and that consideration must be given to them in the first place. Agricultural production in Asian countries is mainly for subsistence, that is to say, it serves to meet the needs of the family and is generally limited to the family's food requirements. The result is a low output per unit of cultivation and per worker and a low standard of living.

PRODUCTIVITY

A rise in the level of productivity is a fundamental necessity if the level of the hired labourers' wages and of the cultivators' earnings is to be raised. This approach is considered fundamental to the solution of agricultural problems in Asia; it is in fact the connecting highway between a depressed and a prosperous agriculture. Efforts to raise the level of productivity will have to come through a general readjustment in the use of the factors of production, *i.e.*, by changes in methods of production, an increase in capital equipment, and reallocation of resources.

In order to raise the level of farm techniques, facilities for general and technical education and vocational guidance should be provided. Agricultural research and experimental farms must also play an important role in raising the level of farm technique and in studying the possibility of improvement of agricultural implements and equipment and of the introduction of power machinery.

The provision of incentive goods and of equipment, and the grant to tenants of the possibility of land purchase might be another means of raising production. The level of farm management will have to be raised and, in order to achieve better utilisation of the available land area, with a view to attaining higher levels of production, employment, and remuneration, programmes for the reorganisation of farming should be examined, with special reference to the possibilities of co-operative and collective methods of production and the consolidation and amalgamation of holdings into more economic units, and better facilities for the marketing, grading, and storage of agricultural products should be provided.

In any case, more fully developed agricultural associations are needed, in order to ensure that agricultural policies and training programmes are translated into effective action among the mass of the workers.

The low level of productivity accounts also for the high labour intensity and high proportion of the population on the land, a condition aggravated by the uneven distribution of the agricultural population, with excessive concentration in many regions, creating greater difficulties for the rural population in its endeavour to draw subsistence from the land. The related small size and fragmentation of holdings, concentration on the production of certain cereals, and in particular of rice, low unit-yields, and low density of livestock, following from the existing low level of capital develop-

ment and of production techniques, mean insecurity of employment and occupation and low earnings per unit in agriculture.

Primary responsibility for the more technical aspects of development work will lie with the F.A.O., and if the workers of Asia are to benefit from something like full employment and an adequate standard of living, support of and co-operation with the F.A.O. will be required in efforts to implement land improvement and reclamation, and to increase yields from the land, by applying increased quantities of fertiliser and manure, extending irrigation and drainage, and undertaking soil conservation. Improvement in stockbreeding and seed varieties, and the eradication of disease and insect pests must also be contemplated in the programme of development.

EMPLOYMENT AND TRAINING ¹

Labour supply in Asia greatly exceeds demand, and a considerable portion of the labour force is unemployed, or at least underemployed, while the growth of the rural population has outdistanced the expansion of the cultivated area, with the result that there is a constant tendency towards a decrease of regular employment opportunities and a decline in earnings per individual farm worker.

Farm wages show considerable local variations in accordance with the system of land tenure, type of cultivation, availability of natural resources, price mechanism and a number of other economic and social factors particular to the economy of these countries. Nevertheless, in all of them, the real problem of the landless labourer at the moment is perhaps not so much what he is to earn, but rather whether he is to earn at all, and attention should be directed in the first place to the problem of employment opportunities.

Consideration of employment opportunities and of methods for increasing the demand for hired labour by the agricultural

¹ Manpower problems of the Asian region form the fifth item of the agenda of this Conference: "Organisation of Manpower, with Special Reference to the Development of Employment Services and Training". The Conference will doubtless wish to ask the Committee responsible for this question to give attention to the special manpower problems of the agricultural population, taking account of the informational background presented in Chapter III of this report. It may wish to ask this Committee to consider in particular how these problems may be approached, within the framework of the I.L.O. manpower programme, in the Asian region, with a view to making fuller and more effective use of manpower resources and avoiding unemployment and underemployment.

industry itself raises a considerable number of inter-related unemployment and underemployment problems, in regard to productivity, irrigation and systems of cultivation, agricultural finance, rural industries and facilities for supplementary occupation and income in rural areas.

In order to assess manpower needs in agriculture and determine possibilities for employment of hired labour, it is important that the factors determining manpower requirements should be studied and the amount of labour required to achieve production goals assessed, having regard to the levels of farming in the various countries.

Regional surveys of labour supply and demand in agriculture could be undertaken, and workers could be assisted to find employment by the provision of information centres, placement services and transport facilities.

The possibilities of supplementary rural activities should be studied, and where the cost of moving labour prevents labour mobility and suggests the desirability of supplementary activity or the establishment of rural industry on the spot, assistance in this might be provided.

Such activities will involve training problems, and this training should be directed to the most profitable employment opportunities available; in so far as workers who were formerly idle are given employment, the only real cost involved is that of the necessary training, raw materials and marketing facilities.

An increased demand for labour at the present technical level could be encouraged by increasing the share of income of certain categories of agriculturists, especially tenants and share-croppers, in order to enable them to hire labour at a reasonable wage or to acquire some land. This approach will imply in the first instance a policy for regulating the share of such workers in the final produce of the land, and later, measures to provide better access to the land, greater freedom from indebtedness, and improved technical, educational and health facilities for the whole rural population.

LAND TENURE AND OWNERSHIP

Efforts such as those outlined above should no doubt be based on a careful revision of land tenure and ownership systems, which have a considerable influence on the nature of the work contract and the share in output granted to hired labour, as well as on

employment patterns, and it is important to work out a land policy which will respond to the particular needs of each country. Some Asian countries have taken the line of land nationalisation, others of abolishing large landed estates, and still others that of promoting family-size farms. In some parts of Asia, moreover, attempts are being made to introduce certain fundamental changes in systems of cultivation through mechanisation and collective and co-operative farming. All these schemes of land reform are designed to create incentives to increase production and to make employment in agriculture more secure and more remunerative.

The distribution of agricultural income as affected by tenure, debt and price relations has an important bearing on the welfare of the rural population in general, on the levels of productivity and on the possibility of employment in agriculture.¹

A fairer distribution of agricultural income and greater incentives to increase production should follow as conditions of tenure are improved, debt relief undertaken and the evils of absentee landlordism reduced. Among these measures the following might be included : compensation for improvements carried out by tenants; control of land rents and land values; the adoption of fixed rents or rents varying in proportion to fluctuations in prices rather than those varying with fluctuations in output resulting from an increased input of labour or capital. Price stabilisation programmes might also be an important part of social agricultural policy aimed at improving labour standards of living; and in view of the fact that most Asian economies depend to some extent on the export of primary products, it seems essential to study the effects of price fluctuations on the distribution of resources, on incentives to production, and on rural wages.

WAGE REGULATION

It is quite clear that the problem of remuneration of agriculturists in Asia is related not only to the rehabilitation of agriculture but also to the development of secondary and tertiary industries.² As a long-term policy, an attempt should be made to

¹ It is not always possible to distinguish categorically those measures aiming at increasing production from those affecting distribution of income from the productive process, as forms of distribution have an important influence on incentives towards higher levels of production.

² For a detailed discussion of this subject see *The Economic Background of Social Policy, including Problems of Industrialisation*, *op. cit.*

bring all the resources at the disposal of these countries to bear on the problems of rural uplift. This does not, however, exclude undertaking at the present time preliminary steps of special assistance to particular groups, such as hired labour.

In this connection, mention should be made of two problems : (1) the organisation of employment of hired labourers, and (2) regulation of their wages. The first problem is only mentioned here for its importance and bearing on the second. However, the significance of organising the supply and demand of labour through the usual channels of employment services and directed migration will not escape the attention of the Conference.

If social justice is to be advanced and rural workers are to receive adequate protection and an equal chance in life, investigation of the effects of wage regulation on workers' productivity, remuneration, standard of living and employment opportunities, with a view to extending the scope of wage regulation for agricultural workers, would be most useful. Study of the relation of wage regulation to economic stability and to the distribution of labour by skill and occupation is also required.

Wage regulation in agriculture is therefore one of the problems that calls for urgent and special attention. Wage regulation through some kind of State intervention is desirable, because organisation among agricultural workers is lacking and agricultural labour is liable in these circumstances to exploitation. It is further desirable because high rural birth rates and lack of opportunities for alternative employment in rural areas tend to create a buyer's market in respect of labour, so that agricultural wage rates compare unfavourably with those in other occupations. Finally, it is desirable because the result of these factors is the inefficient use of labour in agriculture, so that if wage rates are raised effectively through wage regulation, management may be compelled to relinquish inefficient and wasteful methods of production. In so far as wages are raised, wage payments regularised, payment in kind, and place and periodicity of payment, controlled, rural indebtedness and virtual debt slavery is reduced.

In view of the wage patterns described in this report and reflected in existing legislation on the subject (*i.e.*, minimum wage legislation in Burma, Ceylon and India) and owing to the lack of organisation among farm labourers, absence of collective bargaining and the ignorance of the workers, legislation for wage regulation and protection seems to be extremely necessary. The wage machinery should be sufficiently flexible to be adaptable to

the various circumstances in which hired labour works. Accordingly, the general provisions of the labour contract in regard to categories of labour, medium of payment, ratio of payment in cash to payment in kind, periodicity of payment and immunity of wages should take account of local customs and conditions. Since trade and financial institutions are but little developed in many parts of Asia, and since the possible choice of items of consumption is extremely narrow in many areas, payment of wages wholly in cash often has little significance to the worker. Payments in kind are extremely important for this reason.

In view of the considerable difficulties which are encountered in assessing the market value of payments in kind according to the quality and quantity of produce provided as payment, it is necessary to ensure that qualities and quantities provided should be related to the actual needs of the worker and his family. Where produce given as payment in kind is in excess of need, it is usually impossible to dispose of this excess without loss. Where payment in kind is insufficient for the needs of the worker, it is difficult for him to purchase his requirements by cash payments at the ruling market prices of more developed areas. The quantity and types of payment in kind should therefore be made according to the needs of the worker, though in addition the development of marketing institutions is essential to the development of price stability and ease of trade. Payments in kind should be evaluated in accordance with the price ratios ruling in the locality.

In respect of minimum wage regulation, it is necessary to see that payment in kind, in conjunction with payment in cash and other allowances, is of such a nature and quantity as to satisfy the minimum needs of the worker and his family, as determined by the standards accepted in the area concerned.

Machinery for fixing wages should be established by law. The authority for the constituted boards and their field of action and composition should be defined. Enforcement of the legislation should be effective and an adequate inspection service should be organised. Last, but not least, the association of all the parties interested in wage regulation, workers and employers in particular, should be sought.

In wage legislation there are no hard and fast rules for model laws that can be copied and applied everywhere. But the experience of various countries in the field of farm wage regulation has established certain basic principles that could be followed, modified and adapted to conditions in the various countries. It may be

useful to point out, in this connection, that the I.L.O. has already prepared a report entitled *Minimum Wage Fixing Machinery in Agriculture* (Report VII (1)) to be submitted to the General Conference in 1950. This report is a world survey of minimum wage regulation in agriculture, its development, and the objects of and the basis for wage fixing. Moreover, the International Labour Conference, in its sessions of 1948 and 1949, has considered the question of wage fixing in general, and has enunciated certain fundamental principles in regard to the matter which might throw light on any effort at promoting wage policy and establishing wage fixing machinery. The Convention adopted by the Conference in 1949 contains a number of guiding principles in this field.

APPENDIX

PROPOSED RESOLUTION CONCERNING AGRICULTURAL WAGES AND INCOMES OF PRIMARY PRODUCERS IN ASIA

Considering that agriculture constitutes the foundation of the national economies of Asian countries, and that wages of agricultural labourers are affected by the level of agricultural earnings in general and by productivity in agriculture which largely determines these earnings;

Recognising that an increase in productivity requires an expansion of the area farmed and an intensification of production on land already farmed; improvement in the methods of farming and of the equipment used in agriculture; better farm organisation through the creation of units of a more economic size; the retention of a larger proportion of agricultural earnings by producers through adjustments in tenure relations, control of rents and debt and improvement in the agricultural credit system; and improvement in the methods of marketing agricultural products;

Noting the importance in this connection of the fullest possible collaboration with organisations which are in a position to render assistance in these matters, and particularly with the Food and Agriculture Organisation;

Recognising also that the improvement of productivity in agriculture requires the fullest and most efficient use of manpower;

Noting that the I.L.O. is devoting increasing attention to problems of utilisation and training of manpower and that the agenda of this Conference includes an item dealing with "Organisation of Manpower, with Special Reference to the Development of Employment Services and Training";

Considering that measures to improve the earnings of agricultural workers are essential both in order to give such workers adequate incentive to increase output and to ensure that they receive the full benefit of increased productivity; and

Taking account of the resolutions adopted by the Asian Regional Conference, held in New Dehli in 1947, concerning agricultural problems,

The First Asian Regional Conference of the International Labour Organisation adopts the following resolution :

I

1. Since wages determined by individual bargaining in Asian countries are extremely low, and there is little effective regulation

of wages by collective agreement, wage-fixing machinery should be established in order to protect the worker and in order to ensure that increases in labour productivity should be reflected in wage earnings.

2. The employers and workers concerned should be associated in the operation of such machinery in equal numbers and on equal terms.

3. Wages determined by the wage-fixing authorities, including any allowance for payments made in kind, should be adequate to satisfy the minimum needs of the worker and his family as determined by the standards accepted in the area concerned, and should be compatible with levels of labour productivity.

4. In order to furnish the wage-fixing authority with information required in this connection, budgetary surveys of household consumption should be made in the various regions in respect of which the minimum wages are to be fixed.

5. In fixing wages for different occupations, differential rates should be set at levels sufficient to encourage the acquisition by a sufficient number of people of the skills which manpower requirement surveys indicate as necessary, and also to ensure a sufficient supply of seasonal and casual labour in agriculture.

6. Since the payment of a part of wages in kind is customary in these countries and is of particular importance to the worker, because financial and trade facilities are but little developed in many parts of Asia, provision should be made for the regulation of payments in kind. These payments in kind should correspond in both quality and quantity to the actual needs of the worker and his family. When expressed in terms of a cash equivalent such payments should be assessed in accordance with the prices prevailing in the locality.

7. In considering the adequacy of wage payments as a whole, account should be taken of allowances in the form of meals, lodging, wood, clothes and tools. Meals provided should comply with the requirements of adequate nutrition and housing should conform to a satisfactory standard of sanitation.

8. With a view to the eventual creation of conditions in which wages may be effectively regulated by collective bargaining instead of by minimum wage fixing machinery, measures should be taken to safeguard the freedom of association of workers and employers and to encourage the growth of workers' and employers' organisations.

II

9. The periodicity of wage payments should be regulated so that a worker can as a general practice finance current needs without the necessity for borrowing.

10. Conditions relating to place and method of payment, limitation of fines and deductions, and attachment of wages should also be regulated.

11. Advances by the employer should be limited to a certain proportion of total wages paid, so as to ensure that repayment is possible and to avoid forcing the worker into a state of semi-permanent bonded service through the accumulation of debts.

12. In addition to stating the wages payable, a contract of employment should specify hours of work, periods of rest and holidays, and, where appropriate, the clothing and equipment to be furnished, and conditions relating to safety and sanitation. Contracts should be in written form and be enforceable at law.

13. Minimum rates of wages which have been fixed shall be binding on the employers and workers concerned so as not to be subject to abatement by them by individual agreement, nor, except with the general or particular authorisation of the competent authority, by collective agreement.

III

14. In order effectively to protect the wages of the workers concerned and safeguard employers against the possibility of unfair competition, measures should be taken to ensure that wages are paid at not less than the minimum rates which have been fixed. These measures should include—

- (a) arrangements for informing the employers and workers of the rates in force;
- (b) official supervision of the rates actually being paid; and
- (c) penalties for infringements of the rates in force and measures for preventing such infringements.

15. Adequate machinery of inspection should be set up, including an inspectorate operating either under the authority of the wage-fixing body, or as part of a general system of labour inspection.

IV

Having considered the question of agricultural wages and the incomes of primary producers in Asia and the problems connected therewith,

The First Asian Regional Conference invites the Governing Body of the International Labour Office—

1. To draw this resolution to the attention of the Governments represented at the Regional Conference and to communicate it to such international organisations as may be concerned, including the

United Nations, the Food and Agriculture Organisation and the International Bank for Reconstruction and Development.

2. To arrange for such action to facilitate the implementation of the resolution as can appropriately be undertaken by the International Labour Organisation, including the preparation of further studies on particular aspects of the problems involved, and the consideration of such aspects by the Permanent Agricultural Committee and by future regional conferences.

3. To instruct the I.L.O. to study, through its Field Office and in co-operation with the Governments concerned, the special employment and training problems of agricultural manpower and, on the basis of this study, to develop a practical programme of action in this field within the framework of its general manpower programme.
